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UNCLASSIFIED

WAR DIARY

German Naval Staff
Operations Division

171

PART A **VOLUME 5**

JANUARY 1940

UNCLASSIFIED

DECLASSIFIED PER DOD MEMO OF 3 MAY 1972, SUBJ:
DECLASSIFICATION OF WWII RECORDS

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N-15270

8-5838

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WAR DIARY OF THE GERMAN NAVAL STAFF

(Operations Division)

UNCLASSIFIED

PART A

January 1940

Chief, Naval Staff:	Grand Admiral Dr.h.c. Raeder
Chief of Staff, Naval Staff:	Vice Admiral Schniewind
Chief, Operations Division, Naval Staff:	Rear Admiral Fricke

Volume 5

begun:	1 Jan. 1940
closed:	31 Jan. 1940

DECLASSIFIED THE DOD MEMO OF 7 MAY 1972, SUBJ:
[illegible] OF WWII RECORDS

CONFIDENTIAL

OFFICE OF NAVAL INTELLIGENCE

Washington, D.C.

Foreword

1. The Office of Naval Intelligence has undertaken to translate important parts of the War Diary of the German Naval Staff. The present volume, entitled War Diary of the German Naval Staff, Operations Division, Part A, Volume 5 is the twenty-second one of the series to appear. Other volumes will follow shortly.

2. The War Diaries, Part A, are important because they contain a day by day summary of the information available to the German Naval Staff and the decisions reached on the basis thereof. Together with the Fuehrer Conferences on Matters Dealing with the German Navy, 1939-1945, which have been published by this office, the War Diaries should provide valuable material for the study of naval problems arising from total war. The War Diary, Part A, is also a useful index to the German Naval Archives of World War II; references may be found in the microfilm library of Naval Records and Library.

3. Due to the cost of publication, only a limited number of copies could be made; it is therefore desirable that the copies which have been distributed are made available to other offices which may be interested.

Washington, D. C.
1949

Items of Political Importance:

The Fuehrer made a New Year Address to the Armed Forces, the Party and the German people.

(See War Diary, Part B, Vol. V, page 84.)

An exceptionally friendly exchange of New Year's greetings took place between the Fuehrer and the Duce, as well as the King of Italy, in which special emphasis was laid on the mutual policy of the two countries.

From Geneva London Radio reports a declaration made by the British Government, according to which Great Britain has undertaken to do all in her power to support Finland.

Conference on the Situation with the Chief, Naval Staff.

Special Items.

1. Report from the Chief, Operations Branch, Naval Staff on the Armed Forces High Command's Directive of 30 Dec. According to this the Fuehrer has decided as follows after a report submitted by the Commander in Chief, Navy:

"a. Greek merchant ships are to be treated as enemy in the U.S. closed area around Britain.

b. Attacks are permitted without warning on all shipping in the Bristol Channel, attacks which are to be ascribed to mines to the outside world.

Both measures are released with immediate effect."

The Naval Staff feels that paragraph b. of the directive is too narrow in its compass, since there is only limited scope for successful submarine attacks in the Bristol Channel on account of the distance from Germany and the strong enemy defenses. If general intensification of warfare is postponed further, the Naval Staff requests authorization in advance to order attacks without warning in certain areas by individual or all submarines, when the situation and operational possibilities permit, maintaining at the same time the fiction of mines.

With regard to paragraph a., instructions were already issued to Commanding Admiral, Submarines on 30 Dec. on the basis of verbal consent from the Fuehrer.

Special Reports on the Enemy 1 Jan.

Atlantic:

Great Britain:

An agent who has just returned from England reports that a British submarine was rammed by a battleship and the submarine sank. While proceeding astern the battleship's stern is supposed to have struck a mine and to have been severely damaged. This is alleged to be the battleship NELSON, which according to report is in dock in Liverpool.

The battleship REVENGE is expected in the Western Approaches area. The cruiser AJAX intends to pay a friendly call at Montevideo.

North Sea:

The usual enemy air reconnaissance was detected over the North Sea. Our planes sighted a C-class cruiser in Sullom Voe Bay (attack unsuccessful). Two heavy cruisers were detected in Scapa Flow.

Shipping Losses:

The British steamer BOX HILL (5,700 tons) and the Norwegian steamer LUNA (960 tons) sank after striking mines.

The second contingent of Canadian troops is said to have arrived in England.

Own Situation on 1 Jan. 1940:

Atlantic:

The steamer TACOMA has been interned in Montevideo on the grounds that the ship is to be regarded as an auxiliary vessel of the SPEE, and therefore as an auxiliary cruiser. A protest is being made.

North Sea:

Nothing to report. No air reconnaissance.

Baltic Sea:

Nothing to report.

Attacks on merchant shipping are being carried out by the BRUMMER and the HANSESTADT DANZIG.

According to a report from the Naval Attaché in Stockholm the Swedish Government has released the crew of the stranded patrol vessel "704". The Attaché has arranged that the crew are to be fetched by patrol vessel VP "706" on the afternoon of 2 Jan. at Trelleborg.

Submarine Situation:

Atlantic:

In the operational area: Submarine U "46" Atlantic
" U "30" southeast of Ireland
" U "32" west of the Shetlands.

North Sea:

In the operational area: Submarines U "56", U "58".

Merchant Shipping:

The dispositions of German merchant shipping at the beginning of 1940 were as follows:

In home waters:	571 ships -	67.1 %
Operating on the Norwegian route: 49 ships totalling 197,874 BRT (8 without radio transmitter)		
Operating on the Dutch route: 7 ships totalling 10,197 BRT (3 without radio transmitter)		
In neutral ports:	240 ships -	28.2 %
At sea, homeward bound:	2 ships -	0.3 %
Returned to date: 105 ships - 12.3 %		
Lost: (plus one ship without radio)	38 ships -	4.4 %
total:	851 ships -	100.0 %

Trawlers:

In Northern Waters or en route: 18

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Conference on the Situation with the Chief, Naval Staff:

Special Items:

1. Report from the Chief, Operations Division, Naval Staff on the directive from the Armed Forces High Command of 30 Dec., - subject: Intensification of naval and aerial warfare in connection with Operation "Gelb."

In this directive the Navy has been given permission for submarines to sink all ships without warning in those areas off the enemy coasts where the use of mines is possible, once general intensification of warfare commences. In these cases a pretense of mines is to be maintained. The submarines must take this into account in their conduct and use of weapons.

Commander in Chief, Navy is to fix these areas in detail and report them to the Supreme Command via Armed Forces High Command.

The wording of this directive implies a limitation of intensified naval warfare, which in this form does not answer the wishes of Naval Staff and which was also put to the Fuehrer by Chief, Naval Staff in another sense. In the case of a general intensification of warfare it was planned to permit unrestricted use of weapons against all ships in the American closed area, the final aim being to employ all weapons in a ruthless attack with the object of suppressing all commercial intercourse with England. If possible the sinkings were to go on being ascribed to mines. The benevolent neutrals (Italy, Spain, Japan and Russia) as well as America were to be treated with as much consideration as possible.

The Naval Staff's view point was expressed verbally to the Armed Forces High Command. Since in all probability, however, an intermediate directive for the period until the commencement of the general intensification of warfare can still be expected, no alteration of the present wording of the Armed Forces High Command directive is intended for the time being.

2. An inquiry from Group West as to whether naval support is planned for any operations which may become necessary in Northern Holland, has been answered in the negative. The question was already discussed earlier with the Army General Staff and is now being raised afresh by Xth Army Corps. The Army General Staff confirms on inquiry that they have made no new requests.

Items of Political Importance:

1. See "Foreign Press No. 17" for the French verdict on German conduct of naval warfare. See War Diary, Part A, Vol. V, page 83 for the Italian verdict on German conduct of naval warfare.

2. See Political Review No. 1 for information on morale in Great Britain and France.

3. The Norwegian Foreign Minister has declared that Norway's policy is one of peace and strict neutrality.

4. The British press has sharply criticized the way the German Ministry for Propaganda treats naval questions!!

Report from the Naval Staff, Submarine Division (Technical) to the Chief, Naval Staff on the construction of special types of submarines:

1. Submarine Tankers:

Scheduled displacement 1,600 tons, actual cargo 400 tons oil, plus 62 tons of lubricating oil, drinking water, spare parts, etc. No torpedoes, no ammunition. Cruising range (160 tons oil) 10,000 miles at 10 knots. Maximum continuous speed 12-13 knots, submerged 6 knots. Armament two 3.7 cm guns, one 2 cm gun, crew of 51.

Decision on the construction will be necessary about March 1940, and the first submarine will be completed at the end of 1941. The sooner construction on submarine tankers is commenced, the more severe will be the effect for the present numerically small submarine fleet of the necessary reductions in operational submarines.

2. Minelaying Submarines:

With regard to mines, it is again confirmed that the TMB mine can be used operationally. In its present form the TMA has too little buoyancy and too thin a mooring rope; when set for the necessary paravane-clear depth of - 20 m the explosive charge of 210 kg is too small. Can be used only in depths of over 50 m. Because of the great difficulty experienced in their manufacture the numbers requested cannot be reached at present.

The provision of the appropriate shaft mines - with an explosive charge of 380 kg and mooring rope - for the first submarine (date of completion about April 1941) is ensured. Commanding Admiral, Submarines requested 8 submarines, Naval Staff 9 submarines (66 shaft mines for each submarine).

The following proposal was approved by the Commander in Chief, Navy:

Two submarines are at present under construction (scheduled dates of completion 1 April 41 and 1 July 1941 respectively). Construction on the third submarine is to be continued (date of completion 1 Nov. to 1 Dec.). The parts determining the date of completion are to be ordered for the fourth

submarine. The development of the raw material situation etc. is to be awaited before further boats are put into construction and the necessary parts which determine the date of completion are ordered. (The first orders must be placed in about 2 or 3 months).

In order to construct 6 minelaying submarines a deficit of 9 torpedo-carrying submarines must be reckoned with.

Special Reports on the Enemy:

Great Britain:

Heavy British forces are distributed as follows:

Home Waters:

Battleships: RODNEY) It is probable that one of the two was damaged
NELSON) after striking a mine.
WARSPITE
ROYAL SOVEREIGN
BARHAM (damaged by a torpedo).

Heavy cruisers: First Cruiser Squadron NORFOLK (damaged ?) SUFFOLK, DEVONSHIRE, BERWICK.

North Atlantic:

Battleships: RESOLUTION (Canada area)
REVENGE (at present in the Irish Sea)
MALAYA (western Central Atlantic)

Heavy cruisers: Eighth Cruiser Squadron (YORK, ORION, PERTH, EFFINGHAM, EMERALD).

South Atlantic:

Eastern half (Freetown): RENOWN, ARK ROYAL, NEPTUNE, ALBATROSS.

Western half (Falklands): Heavy cruisers: EXETER, CUMBERLAND, DORSETSHIRE, SHROPSHIRE.

Light cruisers: AJAX, ACHILLES.

At the end of December the battleship REVENGE arrived at a port in the Irish Sea with an important convoy consisting of large steamers, probably troop transports. The convoy was brought in by a fairly large number of destroyers.

The cruiser SUFFOLK will put into the Clyde on the morning of 3 Jan. from the sea area west of the Hebrides.

France:

Nothing to report.

North Sea:

Unsuccessful flights into the Heligoland Bight area by British bombers. The cruisers MANCHESTER, NEWCASTLE and SHEFFIELD, also the small cruiser CERES were detected on the Northern Patrol.

The Norwegian Naval Staff issued a warning to Norwegian shipping concerning a danger area east of the Moray Firth, and approaching Kinnaird Head. Since this declared area lies north of the British declared area, this is possibly the effect of our own submarine activity.

For survey of radio monitoring during the last week of December see radio monitoring report No. 18/39.

Own Situation:

Atlantic:

The Commander of the America-West Indies Station transmitted on 1 Jan.:
"An unidentified unit, apparently the German steamer ALTMARK, roughly 25° N, 54° W (600 miles northeast of Guadeloupe)."

It is highly improbable that the given position is that of the ALTMARK, as it is too far west. The report was transmitted to the ALTMARK.

North Sea:

Nothing special to report concerning naval forces. "Ship 4" put to sea to carry out attacks on merchant shipping. German fighters encountered British bombers over the Heligoland Bight. Three Wellington bombers were shot down.

Baltic Sea:

Efforts to salvage the stranded patrol vessel VP "704" were finally abandoned; with good weather it is estimated that salvage operations would take 1 - 2 months, and no guarantee of success can be given. The Naval Attache at Stockholm has been informed and requested to

obtain the Swedish Government's consent for the wreck to be blown up after all necessary material has been salvaged.

No Naval Air Force operations because of the weather.

"Ship 23" (armed merchant raider 6) has been placed under the command of Commanding Admiral, Defenses, Baltic.

Submarine Situation:

Atlantic:

Proceeding to the operational area:

Submarine U "30" southeast of Ireland.
Submarine U "32" west of the Shetlands.

On return passage:

Submarine U "46".

North Sea:

Submarines U "56", U "58".
Submarine U "25" is returning to Wilhelmshaven for the second time because of fresh engine trouble.

Merchant Shipping:

The German Press Agency in Montevideo reports that the Uruguayan Naval Authorities interned the steamer TACOMA on 1 Jan. 1940. The official reason given for the internment was that since the TACOMA assisted the GRAF SPEE she was to be regarded as an auxiliary cruiser.

The Embassy in Montevideo confirms the news of the internment.

Business circles have drawn attention to the danger that in the present political situation in Finland Finnish shipping firms will sell their ships to Great Britain in order to save their property from seizure by Russia.

The British news service reports that the German steamer WINDHUK is about to sail from Santos.

Enemy Merchant Shipping:

According to British press reports, a total of about 1 million tons of naval shipping and 1 ½ million tons of merchant shipping are at present under construction in British shipyards.

London Radio reported:

During the 10 days from 11 - 20 December 1,454 ships totalling 3,648,000 tons put into British ports and discharged their cargoes.

Neutral Shipping:

Sale of American merchant ships. According to a Reuter report the Naval Commission gave its consent to the sale of eight large U.S. ships to a Norwegian concern, the North Atlantic Transport Company.

The ships are to ply between New York, Boston and London, Liverpool. Rumor has it that there is British capital backing the Norwegian company.

This news shows that, with the sale of U.S. ships, contravention of the neutrality laws is intended in favor of the enemy's import trade.

If this news is confirmed a gradual intensification of the German war against Norwegian merchant shipping seems to be called for.

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Items of Political Importance:

For Russo-Finnish conflict see Foreign Press Reports. Generally speaking, the Russian attack has come to a standstill on all fronts. The Russians have not yet broken through the main line of defense on the Karelian Isthmus. Operations are greatly impeded by the bad weather.

Addressing the opening session of the joint houses of Congress, President Roosevelt expressed the hope and expectation that the United States would not be involved in active participation in the war. Roosevelt, however, repeatedly declared that there is a great difference between keeping out of the war and the attitude that this war does not concern America. The intention of supporting the Western Powers indirectly is clearly obvious from further statements. He said it is becoming clearer and clearer that the world of the future will be a dangerous place to live in, even for Americans, if it is ruled with force by a few.

The address is a clear proof that in a hypocritical and methodical manner Roosevelt is endeavoring, with the help of the Jews and Freemasons, to prepare the American people for war against Germany, and that he himself is already inwardly resolved, if England does not find material support sufficient, to join actively in the war.

For report on Italy's present attitude to the war, see Political Review No. 2 - Mussolini is convinced of Italy's mission in Europe and does not regard Italy as neutral, because he maintains that peace in the future can only be guaranteed by the assurance of "living space" for Germany and Italy. The threatening danger of Bolshevism from Russia is assessed very seriously.

The U.S.A. lodged a protest with the British Foreign Office against the confiscation of U.S. mail by Great Britain.

Special Reports on the Enemy:

Atlantic:

Great Britain:

The agent's report concerning the ramming of a British submarine and damage sustained by the NELSON has now been amplified, and it appears that the whole crew of the submarine perished and the NELSON is said to be lying in dock at Liverpool. The agent saw a battleship in dry dock in Liverpool on 29 Dec. and has repeatedly met sailors with NELSON capbands.

Three British vessels, including the repair ship RESOURCE, have been ordered to Freetown. The repair ship may have been sent either because Freetown is to be developed as a base, or because the ship is to be sent on to Port Stanley to repair the cruiser EXETER. The cruiser AJAX is on a "friendly visit" in Montevideo.

The cruiser ACHILLES is to proceed to Buenos Aires for the execution of repairs (!).

France:

The cruiser MARSEILLAISE, single destroyers and submarines are at present in the Bay of Biscay and off the coast of Spain on defensive and patrol duties. They are kept informed of the supposed movements of German steamers.

North Sea:

The Admiralty has announced the closing of Cantic Sound and Scapa Flow. This may be an indication of fresh minelaying or perhaps preparations for some operation from Scapa.

According to a report from a coastal radio station, mines are said to have been laid five miles east of the Goodwin lightship, (deep channel between the Goodwin Sands and South Falls).

All ships were instructed by radio not to send mine reports by radio any more, but to deliver them at the next port of call.

This measure is obviously intended to avoid the intimidation of merchant shipping by the transmission of mine reports.

Shipping Losses:

Swedish steamer SWARTON (2,480 tons) torpedoed by a submarine off the east coast of Scotland, Swedish steamer LARS MAGNUS TROZELLI (1,950 tons) struck a mine (east coast), British steamer ARDANGORM (5,200 tons) ran aground on the rocks on the south coast of Cornwall, British steamer ATHELBEACH (5,568 tons) ran aground on the south coast of Ireland.

According to a British report, the Swedish steamer KIRUNA was fired on by a submarine 100 miles north of the Azores. (There are, however, no German submarines in this area).

Own Situation:

Atlantic:

Nothing to report.

North Sea:

Nothing to report.

No air reconnaissance because of ice.

Baltic Sea:

Attacks on merchant shipping carried on by the BRUMMER and the HANSESTADT DANZIG. The BRUMMER reported a strikingly small amount of traffic in the eastern Baltic Sea.

Motor minesweeper R "5" ran aground east of Stolpmuende.

Submarine Situation:

Atlantic:)
(No alterations.
North Sea:)

Merchant Shipping and Items of Economic Importance:

One steamer arrived in Norway from overseas. (Left Buenos Aires on 2 August, Vigo on 12 Dec.)

According to an agent's report, until lately Scandinavian ships tried to get through south of Iceland in order to evade the British control. Most of them, however, were intercepted on the line Iceland - Shetlands and taken to Kirkwall. It appears from a report on convoy traffic through the Downs that towards the end of November 1939 the daily average of ships passing through the Downs was:

inward bound	20 British steamers
outward bound	15 British steamers.

This corresponds roughly to British traffic through the Channel in peacetime. No essential decrease in enemy convoy traffic through the Downs has taken place, therefore, up to the beginning of December.

Likewise, so far no material and lasting decrease in neutral shipping through the Downs has been established. Since the beginning of the war the number of neutral ships lying at anchor in the Downs has been maintained at a daily average of about 40 ships.

Havas reports that as a result of the sinking of the GRAF SPEE, and of the noticeable decrease in torpedoings during the last weeks, the insurance premiums from and to the United States have been reduced by one half percent.

According to an official Japanese communication German export goods were successfully shipped to Japan on a Japanese steamer departing from Genoa. Further negotiations are in progress between Tokyo and London in order to secure Great Britain's general consent to the shipment of German goods to Japan.

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Conference on the Situation with the Chief, Naval Staff:

Special Items:

1. During a conference with the Commander in Chief, Air Force, the Chief, Naval Staff pointed out the necessity of attacking merchant shipping in the Downs, which must be regarded as under military control and supervision. Preliminary warning to neutrals would be necessary. Commander in Chief, Air Force agreed in principle with the Naval Staff's opinion and will take up the question of carrying out the attacks as soon as possible.

2. For Study North and Study Northwest - preliminary reflections of Naval Staff, see War Diary, Part C, Vol. II.

Items of Political Importance.

Intelligence reports from France confirm the picture of existing conditions there: no eagerness for war, much dissatisfaction, increase of communism, against which the government is taking strong measures; there is, however, no indication that these demoralizing factors are in any way having a decisive influence on France's will to fight.

Various reports have been received concerning the first deliveries of arms from Great Britain to Finland. In an official communication to the League of Nations France has likewise declared herself ready to give Finland extensive support.

Tense internal political situation in Japan - the Government's resignation is expected soon. . - Continuous difficulty of waging war in China. - Obdurate attitude of, and fresh demands made by the U.S. with regard to the assurance of China's independence. Political relationship to Russia not yet clearly defined. Under these circumstances Japan cannot for the present be expected to join a European group of powers.

Special Reports on the Enemy 4 Jan.:

Atlantic:

Great Britain:

Commander, Battle Cruiser Squadron is again aboard the HOOD. Commander in Chief, Home Fleet is presumed to be aboard the WARSPITE.

Regarding the report on damage to the NELSON by a mine, the Radio Monitoring Service presumes that not the NELSON but the RODNEY is lying in dock in Liverpool, since the NELSON appears frequently in radio traffic and must therefore be assumed to be in sailing readiness.

The heavy cruiser SUFFOLK (?) left dock in Glasgow on 29 Dec., and allegedly put to sea on 31 Dec. in the direction of Iceland.

Shipping Losses:

The British steamer ROTHESAY CASTLE (7,100 tons) ran aground at the outlet of the North Channel.

North Sea:

Single vessels of the Home Fleet are apparently commencing a dockyard period in the Rosyth area on 8 Jan.

Radio location indicates a submarine in the vicinity of Hornsriff.

According to an intelligence report, the destroyer VIVIAN was severely damaged on 22 Nov. on the Tyne through a collision.

Own Situation 4 Jan.:

Atlantic:

Nothing to report.

Reports from London state that the French intelligence service has discovered that a German naval base is being established 10 km from Murmansk in Hidovaia Bay. The base is supposed to have been ceded to Germany under treaty and is being built up.

North Sea:

An exploratory sweep carried out by the 6th Torpedo Boat Flotilla on 3 Jan. produced nothing of special importance. No air reconnaissance because of ice.

Information received from Great Britain indicates that the British are aware of the return of the pocket battleship LUETZOW (DEUTSCHLAND). No British publication, however, mentions that the RAWALPINDI was destroyed by the German battleships SCHARNHORST and GNEISENAU, but instead ascribes this sinking to the returning pocket battleship DEUTSCHLAND. In spite of this, Naval Staff is certain that the British Admiralty knows that the German battleships have appeared in the Iceland - Faroes area and is refraining from revealing this knowledge publicly only for reasons of prestige.

Baltic Sea:

Since, according to a reliable report from the police at Tilsit, a cargo steamer is said to be leaving Riga for Stockholm on 4 Jan. with 20 - 40 Polish refugees, Commanding Admiral, Defenses Baltic has detailed the HANSESTADT DANZIG, the cruiser KARLSRUHE and Ship "23" to patrol in the area - northern tip of Gotland - Gotska Sandoe - Sandham.

Submarine Situation on 4 Jan. 1940:

Unchanged.

Merchant Shipping:

Losses:

The steamer GLUECKSBURG, which ran aground off the Spanish coast when being pursued by British destroyers, must be regarded as lost. The cargo has been salvaged.

Transshipment capacity of German ports:

Iron ore transshipment:

Dec. 39	Nov. 39	Oct. 39	Sept. 39
780,760 tons	1,064,551 tons	1,093,709 tons	874,198 tons

Total: Sept. - Dec. 1939: 3,813,218 tons.

Shipment of coal:

Dec. 39	Nov. 39	Oct. 39	Sept. 39
553,262 tons	598,849 tons	681,900 tons	458,142 tons.

Coal for export included in the above:

299,528 tons	286,940 tons	317,000 tons.

Items of Economic Importance:

The negotiations for an economic treaty with Russia being conducted in Moscow by Ambassador Ritter are taking a favorable course. Russia is ready to reduce her high demands and is making efforts to give Germany positive aid. The Russo-Finnish conflict is, however, bound to have a prejudicial effect on Russian production. Grain transports have been sailing since 18 Dec. The actual effect of the very considerable Russian exports remains to be seen.

An economic treaty has been concluded with Sweden. Sweden is prepared to deliver 10 million tons of ore during 1940. Return is to be made chiefly in coal, coke, machinery and home products.

A provisional conclusion of the Anglo-Spanish economic negotiations provides for Spanish ores to be exchanged for British coal.

News from Norway establishes that Germany's unrestricted mine warfare has proved most effective; the fact that Germany has so far unknown types of mines at her disposal has contributed especially to this. The British blockade has reached its maximum effectiveness and can only be further increased by the entry of the neutral states into the war on the side of the Western Powers.

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Items of Political and Economic Importance.

1. The entire foreign press is under the impression that the immediate future will bring an extension of the war to Scandinavia, perhaps even to the Balkans and the Near East! The information concerning imminent active British aid to Finland is confirmed; strong British support is vital since the defeat of Finland would bring about a dangerous situation for the Western Powers, and Northern Norway must on no account be allowed to fall into Russo-German hands!

2. Intensification of the British Export Blockade:

Intelligence reports from Great Britain speak of the imminence of severe restrictions on every kind of traffic in goods of German origin to neutral countries. Conditions affecting searches for German export goods were already tightened up on 1 Jan. 1940. Preferential dispatch will in future only be considered for those ships whose entire cargo is fully covered by an Allied consular certificate and has been declared contraband-free.

Conference on the Situation with the Chief, Naval Staff:

Special Items:

1. Report from the Chief, Operations Division, Naval Staff on Group West's plans for the first operations by Commanding Admiral, Naval Forces, West in 1940:

The earliest date for a battleship operation is 25 Jan. Fixture of an exact date is desired at once if possible, in order to ensure simultaneous attacks on the enemy forces by a number of submarines. Group West is planning to strike against the convoy traffic on the Norway - Shetlands route in its first operation.

It is proposed to carry out minelaying operations in the Thames and on shipping routes off Haisbro, and also north of Newcastle. The passages to the Edinburgh Channel are to be closed during the Thames operation. In this operation two destroyers will act as mine-carriers, one destroyer as escort and three destroyers as a covering force in the southern part of the North Sea (Hoofden).

2. In agreement with Naval Staff, the Chief, Naval Staff has arranged for the question of the utilization of the northern sea route to East Asia to be taken up by the Naval Attache in Moscow. If no agreement can be reached with Russia, political channels via the Foreign Minister, Molotov, will be tried.

3. Commanding Admiral, Submarines reported his operational plans for January:

North Sea:

Between 5 and 7 Jan. submarines U "15", "19", "20" and "24" will proceed to

the Rettray Head area and will also carry out temporary observation east of the British declared area from Newcastle to the Firth of Forth; on 9 Jan. submarine U "23" will proceed to the Shetlands - Orkneys. After 8 Jan. submarines U "60" and U "34" will be ready for a special assignment. Submarines U "59", "61", "57" will be ready for operations on 12 Jan., submarines U "13", "21", "22" on 20 Jan. It is planned to operate these boats in the sea area north of the British declared area, at Cross Sand and on individual minelaying assignments off the northeast coast.

Atlantic:

Submarines U "44" and U "25" to operate against merchant shipping about 6 Jan., submarines U "48", "41", "51", "54", "55", "37" between 20 and 25 Jan. Minelaying operations after mid-February - submarine U "34" off St.Anthony's Head, submarine U "31" Loch Ewe, submarine U "29" Swansea, submarine U "28" Portsmouth.

Chief, Naval Staff has approved Commanding Admiral, Submarines' plans.

4. Commanding Admiral, Submarines draws attention in a teletype to the insupportable delays in repairs to submarines which are caused by lack of manpower, by technical or organizational mistakes and by inefficiency - occasionally even negligence - and which have an especially prejudicial effect considering the small number of submarines. In Kiel naval dockyard delays of 2 days to 2 months (!) have occurred in the case of 4 boats because of sand admixtures in the oil. Delays of 14 days will arise in the completion of repairs to five more boats during January. The reason for this lies partly in technical and organizational deficiencies, partly in shortage of labor. Commanding Admiral, Submarines has already placed two boats in Hamburg dock to avoid further burden being placed on Wilhelmshaven. Commanding Admiral, Submarines is of the opinion that the west dock should be extensively reinforced with technicians, foremen and specialists immediately.

Naval Staff fully agrees with Commanding Admiral, Submarines' views and considers the immediate introduction of large-scale measures to speed up and improve repairs to submarines urgently necessary in the interests of successful submarine warfare.

Special Reports on the Enemy 5 Jan.:

Atlantic:

Great Britain:

Home waters: the NELSON is proceeding from the Irish Sea to Portsmouth. The NORFOLK put in to the Clyde.

South Atlantic:

The ACHILLES put out from Buenos Aires, the AJAX from Montevideo. The ARK ROYAL, NEPTUNE and two destroyers are proceeding from Freetown to Dakar.

North Sea:

The cruisers NORFOLK, DEVONSHIRE and BERWICK are expected in Rosyth on 10 Jan. Enemy reconnaissance flights were carried out over the Heligoland Bight. According to various reports the British are supposed to have sunk about 20 old merchant ships in the entrance channels to Scapa Flow in order to prevent any submarines penetrating into them in the future.

Own Situation 5 Jan.

Atlantic:

Nothing to report.

For a description of the La Plata action by Rear Admiral Harwood in Montevideo see Foreign Press (Naval Information) No. 4 and (according to United Press) War Diary, Part B, Vol. V., page 86).

North Sea:

Nothing to report.

Baltic Sea:

In operations against merchant shipping the Swedish steamer KONUNG OSKAR was stopped by the KARLSRUHE, and 42 Poles of military age and mail were taken off. Later the steamer was again stopped by order of the Commanding Admiral, Defenses Baltic and taken prize. Operations against merchant shipping are being carried out by the HANSESTADT DANZIG and Ship "23".

Baltic Sea Entrances:

According to a radio report from the Norwegian Naval Staff, the Danish Navy Ministry has closed the passage through Groensund as from noon on 5 Jan. in order to execute mining operations between Moen or Falsterbo.

Sailing instructions will be given by guardships. Closure of the southern entrance to Sonderburg by a net and chain barrage is announced for the same day.

The Swedish Directorate of Waterworks is said to have prepared a scheme to cut the isthmus of Falsterbo between Hoellviken and Kaempinge Bay in order to construct a canal, and is requesting immediate commencement of the work.

Submarine Situation:

Atlantic:

In the operational area: Submarine U "30" Irish Sea
" U "32" North Channel.

On return passage: " U "46" Hebrides.

North Sea:

Submarines U "56", U "58".

On passage: Submarine U "19" to the area Rattray Head - Firth of Forth.

Merchant Shipping:

According to a report from Daventry the German tanker PAULINE FRIEDRICH (4,733 BRT) with a cargo of oil, has been seized by the U.S. authorities because of a demand for salary by a former ship's officer.

Dutch Route:

Since the outbreak of war the following ships have returned home from Holland and Belgium along the Dutch coast, making use of Dutch territorial waters:

38 German ships in all - 57,784 BRT

of which 17 German ships were in Holland or Belgium at the outbreak of war - 39,637 BRT

and 21 German ships in German ports on the Rhine. - 18,147 BRT

Their return was delayed and made more difficult by the fact that four ships of the Neptune-line had been tied up at the instigation of British creditors on account of the cancellation of the moratorium; largish sums for dockyard repairs and costs arising from their long stay in dock had to be paid in foreign exchange for five more ships belonging to different shipping companies.

In spite of these difficulties all 38 ships were transferred to home ports between 9 Oct. and 11 Dec. 1939 without loss by enemy action or from running aground.

The German Naval Attaché at The Hague played a considerable part in this success; he made all the preparations for the ships' unobtrusive departures and provided them with sailing instructions, charts, and also rules of conduct. In addition to this, he also managed to arrange that all the returning ships were escorted by Dutch planes or naval vessels on their route inside Dutch territorial waters.

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Conference on the Situation with the Chief, Naval Staff

Special Items:

1. It is true that the short reports received from the GRAF SPEE so far have given the Naval Staff an adequate enough picture of the engagement for a preliminary report. The details of the progress of the action are, however, not yet known, and the insight gained is not sufficient to permit a definite answer to the question "Why did the GRAF SPEE not fight out the action with the EXETER until the British cruiser was destroyed ?" and "What considerations decided the Captain to put in to Montevideo ?" The answer to these questions on the basis of the reports already received can be found in War Diary, Part B, Vol. V., Page 88. The knowledge gained requires amplification as soon as possible for the purpose of exhaustive evaluation. At present, dispatch of the war diaries and written combat reports cannot be expected. The First Officer of the GRAF SPEE has therefore been instructed, through the Naval Attaché at Buenos Aires, to transmit the following particulars in code M:

a. Detailed combat report, with special consideration given to the following points:

1. Why did the GRAF SPEE not continue the action until the EXETER was sunk ?

2. What caused the GRAF SPEE to put in to Montevideo during the action ?

3. State ammunition reserve and armament out of action when putting into port.

4. Condition of the engines and maximum speed possible before and after the action.

b. Report on specially important experiences during the operations against merchant shipping, including radio communication with Germany.

Secret and Most Secret material is not to be dispatched for the present, owing to the insecurity of postal communication.

2. The Chief, Naval Staff attaches great importance - especially with regard to assignments affecting the Navy - to the existence of well trained and equipped companies of assault troops in readiness for action, and has therefore ordered a second company of assault troops to be established in Swinemuende in addition to the present one. (1st Company, 3rd Naval Artillery Battalion.)

Items of Political Importance.

Resignation of the British Minister for War, Hoare-Belisha is announced, allegedly because of differences of opinion between the War Ministry and Air Ministry regarding the authority of the Air Force. The true reasons for his resignation have not yet come to light.

Special Reports on the Enemy 6 Jan.

Atlantic:

Great Britain:

At noon, two British convoys were 200 miles west of Cape Villano and 350 miles west of the Berlengas on a northerly course, escorted by the HERMES and one minesweeper or gunboat. The cruisers ARETHUSA, PENELOPE, and GALATHEA, which have been stationed in the Mediterranean up to the present, are being relieved by three "C" class cruisers. The ARETHUSA is already in the Channel area and was probably replaced by the CALEDON.

France:

Naval Attache in Madrid reports:

During the night of 5 Jan. a vessel, apparently a French auxiliary cruiser, with two 8.8 guns and two anti-aircraft guns, trellis mast and a long forecastle put in to Vigo at 2300, steamed round the tanker NORDATLANTIK, illuminated it and put out to sea again. The Spanish authorities apparently noticed nothing.

North Sea:

Activity by light forces was detected in the area of the Wash and off the Firth of Forth. According to Reuter the trawler ETA was sunk by a mine in the drag net. An agent in Dublin reports that the cruiser BELFAST is badly damaged with her back broken. The cruiser NORFOLK is likewise supposed to have been damaged. The latter report, however, is apparently out of date, since the cruiser is now at sea.

Shipping Losses:

The British steam tanker BRITISH LIBERTY (8,500 tons) was allegedly torpedoed off Dunkirk. The German submarine concerned is supposed to have been attacked by French forces. Since severe damage to the ship is established, presumably one of the aerial mines laid by Commander, Naval Air, West was the cause.

The British steamer CITY OF MARSEILLES (under 300 tons) struck a mine off Dundee.

The Belgian mail steamer PRINCE CHARLES (2,938 tons) collided with a French patrol vessel off Dunkirk, which was severely damaged.

Own Situation:

Atlantic: Nothing to report.

North Sea:

The operation by Commander, Destroyers and the 1st Destroyer Flotilla (with the destroyers HEIDKAMP, ECKHOLD, STEINBRINCK, IHN, BEITZEN and KOELLNER) has started according to plan in accordance with operational instructions from the Commanding Admiral, Naval Forces, West.

Assignment:

Fouling of the new detour routes followed by British shipping into the Thames Estuary (Edinburgh Channel and Queens Channel) with ground mines. Commander, Destroyers, in command. To be carried out by two destroyers as mine carriers, one destroyer as escort destroyer and three destroyers as a covering force in the southern part of the North Sea (Hoofden).

Mines: 50 T M B 13 R M B 2 R M A.

The presence of a strengthened patrol screen and encounters with light enemy forces - principally destroyers and patrol vessels - must be expected during the operation. Favorable opportunities for firing torpedoes are to be exploited, also against worthwhile merchant targets west of 3° E, if these are sailing without lights.

(For details see orders issued by Commanding Admiral, Naval Forces, West Gkdos. 240 A I Chefs. dated 30 Dec.)

Air reconnaissance and proposed reconnaissance of lights along the enemy southeast coast had to be abandoned because of the weather. Since air reconnaissance by the Naval Air Force is frequently prejudiced or rendered impossible by ice, Xth Air Corps has already taken over as much of the air reconnaissance over the North Sea as possible. The previous tacit agreement on this was expressly confirmed by the Commander in Chief, Air Force in the following teleprint:

"Until further notice Xth Air Corps will, in direct agreement with Naval Group Command West, take over as many reconnaissance assignments over the North Sea as possible, if Commander in Chief, Navy's reconnaissance forces are not adequate. Xth Air Corps will make the decisions regarding operations."

The report of the sinking of an Estonian steamer after striking a mine west of Lister, which was regarded as improbable two days ago and which in the meantime has been ascribed by radio announcements to bombs from planes, making it seem

even more unintelligible, has been clarified since Ship "20" put in to port. Ship "20" fired a torpedo at an Estonian steamer proceeding without lights west of Lister and then attacked with gunfire, thinking she was being fired upon. Further action was broken off because of the nearness of territorial waters. The steamer was probably sunk.

(For short report on Ship "20"'s first operation see War Diary, Part B, Vol.V., page 87.)

Ship "37" (Trawler SCHLESWIG) of the 2nd Special Group is reported to be operational.

A survey of the declared area off the east coast of England was issued to Group West and Commanding Admiral, Submarines.

In this review Naval Staff came to the conclusion that although it was necessary for air reconnaissance and submarines to keep the declared area off the east coast of England under constant observation, this area was not important enough yet to cause serious prejudice to our own operations. It is much more important to keep the initiative, in spite of enemy countermeasures, - by continuing the mining operations already carried out so successfully - to carry out resolutely the plan of mining the east coast of England and to convince neutral shipping that the British countermeasures are ineffective.

There is, in addition, the task of blocking the important entrances to this "War Channel" to the north and south - the enemy will place these under specially effective protection and patrol - without limiting the operational freedom of our submarines which find this area a specially productive field for operations.

(For copy to Group West and Commanding Admiral, Submarines see War Diary, Part C, Vol. VI., Mine Warfare.)

Baltic Sea:

Operations against merchant shipping are being carried out by the HANSESTADT DANZIG north of 58° 30' N, and by Ship "23" south of this latitude.

The Swedish steamer KONUNG OSKAR (735 BRT) which was taken in prize on 5 Jan. with Poles on board, put in to Memel with a prize crew. Group Baltic reported, at the same time informing the Reich Commissioner of the Prize Court, that the taking prize and subsequent seizure are justified under Prize Law since the steamer undertook her voyage for the express purpose of conveying Poles

of military age who wished to enter the service of France. There were obviously no other passengers on board.

Submarine Situation:

Atlantic:

In the operational area: Submarine U "30" in the Irish Sea to carry out a minelaying assignment off Liverpool.
Submarine U "32" in the North Channel.

On passage: Submarine U "44".

On return passage: Submarine U "46".

North Sea:

Submarine U "56".
Submarine U "58" on the Dogger Bank, homeward bound, reports sinking two steamers and one escort vessel (probably a destroyer).
Submarine U "19" on passage into the operational area.

Operations against merchant shipping by submarines:

Commanding Admiral, Submarines, Group Baltic and Group West have been given the following orders in connection with the Fuehrer's basic consent (as in the written report of Commander in Chief, Navy on 30 Dec.) to firing without warning in certain definite areas of the American closed zone where the fiction of striking mines can be upheld:

"Submarines are permitted full use of weapons against all vessels in the North Sea between 61° and 56° N and 4° W and 0° with immediate effect. Attacks to be made as unobtrusively as possible, in order to maintain the fiction of hits on mines."

This means that submarines may act without warning in the area off northeast Scotland from St.Abbs Head northward, including the Orkney and Shetland area. The former most productive operational area for our submarines from Kinnaird Head to St.Abbs Head, where our boats were already taking action practically without warning, is thus considerably extended and the submarines' prospects of success are materially increased. Intensification of operations against merchant shipping in this area will affect - apart from enemy merchant traffic - principally the neutral Nordic states still trading with Great Britain.

In accordance with the directive about the sinking of Greek ships issued by Naval Staff on 30 Dec., Commanding Admiral, Submarines issued the following order to submarines on 6 Jan.:

"Greek merchant ships are to be treated as tankers, that is, in accordance with new Standing War Orders 121, para 5, first line. Endeavour to remain unseen."

Merchant Shipping:

The steam tanker NORDMEER (5,671 tons) from Curacao put into Vigo. The ship lost 1,000 tons of its cargo en route during heavy weather.

The Embassy at Montevideo wired that during the night of 3 Jan., five of the TACOMA's crew made an attempt to escape in the GRAF SPEE's damaged pinnace, which was still on board, but only reached the wreck of the pocket battleship and were arrested there by an Uruguayan guard boat. The flight caused great agitation in the highly overwrought Uruguayan government. The TACOMA was taken over by 100 men from the cruiser URUGUAY at 1830 on 4 Jan. and the captain forbidden to go ashore.

The crew threatened to set fire to the ship the following night, which in the Ambassador's opinion would have caused a general fire in the harbor because of the quantity of oil on board, and produced political complications. The Captain fears he cannot control the crew. Situation is extremely tense. The Ambassador considers the crew's behaviour foolish and hopes to prevent them from causing fresh trouble.

Naval Staff looks at it differently and considers the behaviour of the crew a most gratifying sign of courageous spirit and an honourable frame of mind which deserves special recognition.

The matter will be settled through diplomatic channels. (See memorandum to the Foreign Office, War Diary, Part B, Vol. VI, page 89).

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Special Reports on the Enemy 7 Jan.

Atlantic:

Great Britain:

Disposition of forces: The NELSON put into Portsmouth. According to Reuter there are several British naval vessels in Mexican waters keeping a check on the sailings of German steamers from ports in that area. The British trawler KINGSTON CORNELIAN (449) sank in the Straits of Gibraltar after a collision with a French steamer.

France:

Flag Officer Commanding, Atlantic Fleet (DUNKERQUE ?) probably put into Brest on 7 Jan. Forces were sent out on an anti-submarine hunt in the Calais area. A convoy on westerly course was off Cherbourg at 0700.

Otherwise no reports of special interest.

North Sea:

British submarine UNDINE destroyed (see own situation).
No observations of special interest apart from the customary patrol activity off the east coast.

On the evening of 7 Jan. Radio Scheveningen announced that the North Goodwin lightship was to be passed 2 to 3 miles to the south as there was a danger area north of the lightship. This warning indicates the first effects of the Commander, Destroyers' operation.

Shipping Losses:

The British steamer TOWNLEY (2,900 tons) struck a mine and sank off the southeast coast of England.

Own Situation:

Atlantic:

Still no report from the ALTMARK. News that the ARK ROYAL has put into port, that the NEPTUNE is in Dakar, and the position of the HERMES (west of Spain) has been transmitted to the ship.

North Sea:

The operation of Commander, Destroyers went according to plan and without incident. The southern entrances to the Thames have therefore again been fouled successfully. About 1100 the second subdivision of the 12th Minesweeping Flotilla sighted a torpedo track

about 10 miles west of Heligoland.

A damaged British submarine surfaced after several depth charge attacks and was attacked with gunfire. A white flag was then shown from the conning tower and the entire crew (3 officers, 26 men) climbed out. The submarine proceeded onwards at 6 knots well down by the stern and with rudder hard to starboard. Efforts to take her in tow failed. The Flotilla Commander, Lieut. Petzel, who had come up in the meantime, salvaged the confidential books from the submarine's radio office personally. When the submarine's engines were stopped by the Commander of the leading ship (Lieut. Grau) and a stoker C.P.O. 2nd class, the boat sank. Efforts are being made to salvage her and the strictest secrecy is ordered. She is the submarine UNDINE, 730 tons, the latest type of the so-called Small Submarine Class of 1938.

The sinking of this submarine has supplied the tangible success so long desired in our anti-submarine activities. It was all the more necessary since, on account of the complete lack of success so far in our anti-submarine operations, justifiable doubts were arising concerning the effectiveness of our anti-submarine defenses. This success will provide the necessary impetus towards further vigorous prosecution of our anti-submarine activities.

Ice hindrance is having a prejudicial effect on the activities of naval forces, especially submarines. The old battleships SCHLESIEN and SCHLESWIG-HOLSTEIN are therefore being put into operation to assist ice-breaking on the Elbe.

Baltic Sea:

Nothing to report.

Contrary to the intelligence report that 10 to 15 steamers are fast in the ice in the Kogrund Channel, the 15th Patrol Flotilla reports that the Kogrund Channel is completely ice-free and traffic is unhindered.

So far no success worth mentioning in the salvage operations for motor minesweeper R "5".

Submarine Warfare:

Atlantic:

Submarine U "30" in the Irish Sea.
Submarine U "32" off the Clyde, reports that the whole area, and especially the upper Clyde, is closely guarded by stationary listening and echo-ranging installations and also by numerous

patrol vessels, and that her assignment could therefore not be carried out as ordered. With the consent of the Commanding Admiral, Submarines the submarine is fouling the route followed by naval and merchant vessels which she has observed running from the Clyde to the Irish Sea, southeast and south of Ailsa Craig.

On passage: Submarine U "44".

On return passage: Submarine U "46".

North Sea:

Submarine U "56" in the operational area near Cross Sand.
Submarine U "58" on return passage.
Submarine U "19" on passage.
Submarines U "20", "24" making for the operational area off Rattray Head.

Merchant Shipping:

According to information from the Naval Attache in Washington, a representative of the British Ministry of Shipping is at present conducting negotiations in New York regarding the purchase of six ships belonging to U.S. shipping companies. The United States Maritime Commission in New York will probably give its consent to the sale, which in the opinion of the Naval Attache may form a precedent for further similar sales on a larger scale. According to the report the U.S. President is in the picture and approves the transaction.

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Items of Political Importance:

1. For Russo-Finnish conflict see Foreign Press.

2. Intelligence from Great Britain says that she is about to initiate more active warfare by extending the conflict to other theaters of war, splitting up German forces and burdening the German war economy, particularly as the continuation of the present inactivity primarily benefits Germany.

3. In Chile (Chilean Foreign Ministry circles) the United States is expected to enter the war at the beginning of 1940.

Chief, Naval Staff was in Kiel for an inspection of dockyard installations, to give an address to dockyard workers and attend a conference with Group Baltic and Naval Station, Baltic.

Special Reports on the Enemy 8 Jan.:

Atlantic:

Great Britain:

Shipping movements: Nothing special to report from the home area. In the South Atlantic the heavy cruisers DORSETSHIRE and SHROPSHIRE have commenced passage to Rio after taking on fuel in the La Plata area; they are to join the cruiser AJAX at Rio. Task Force G (probably the two heavy cruisers) is to patrol a certain area (exact position unknown) after 12 Jan. while the cruiser ACHILLES is to carry out patrol duties in the La Plata area at the same time.

The ARK ROYAL with the NEPTUNE and two destroyers put out from Dakar on 8 Jan. after a short stay.

A British communications officer has been installed in Montevideo, and, as was later discovered, reported to the Senior Officer of the South America Division on 13 Dec. that he would keep a constant watch on the frequency 850 kc/s.

France:

A French auxiliary cruiser (RECARCEA?) ran aground and sank near Onza. The captain and 29 men were saved.

The search for German steamers along the north coast of Spain is continuing with increased intensity; however it has been unsuccessful so far.

The cruiser ALGERIE was off Casablanca on 8 Jan.

North Sea:

The entrances to the Firth of Forth were freshly marked by trawlers at anchor after new gaps in the barrage had been made, and the former markings were removed.

Merchant ships passing Dover are again to keep 1½ miles from the entrance and to hoist a passage signal (troop shipments or new minelaying measures?).

According to a report from Bergen, a foreign steamer is supposed to have been subjected to heavy fire from a submarine some days ago off the coast of Norway, although she reached territorial waters. It is not impossible that this refers to the encounter between Ship "20" and an Estonian steamer. If this is so, the ship must be still afloat.

Shipping Losses:

The British steamer CODRINGTON COURT (5,200 tons) sank off the southeast coast on 7 Jan. after striking a mine.

Baltic Sea:

Submarine warning in the western part of the Baltic Sea, but no definite sightings.

The plan for a cut through the Falsterbo Isthmus seems to be assuming more concrete form. According to newspaper reports work is to be commenced immediately. It is hoped that considerable progress will be made in the construction of the canal this year.

Own Situation:

Atlantic:

Nothing to report. Still no report from the supply ship ALTMARK, so she may still be supposed in the South Atlantic. The ALTMARK received the following instructions regarding return:

1. Position report not heard so far.
Naval Staff considers the moment favorable for commencement of return passage.

2. Doubtful whether ice will permit passage through Denmark Strait.
British auxiliary cruisers and cruisers patrol mostly on a line Hebrides - Faeroes - Iceland and northwest of Iceland.

This line must be breached at night at high speed in weather made propitious by bad visibility.

3. Proceed to Kiel through the Great Belt, taking advantage of neutral territorial waters.

Report position by radio before entering Norwegian territorial waters. While in territorial waters no false markings to be exhibited, national service flag, no stops; if there are prisoners on board, keep them below deck. If stopped, demand free passage as a Government ship.

North Sea:

Nothing to report.

According to former orders, after the beginning of January, Xth Air Corps is at liberty to attack darkened vessels within 30 miles of the British coast, i.e. west of the British declared area. Group West proposes an extension of the attack area, to bring it into line with the operations permitted by Naval Staff to naval forces (attacks against darkened ships in the area between 20° W, 62° N, 3° E, 44° N) and to naval air forces (torpedo attacks against darkened ships west of 3° E).

For the following reasons, however, Naval Staff does not intend to alter the orders given:

1. The limitation of Xth Air Corps' night operations to a 30-mile wide strip along the English coast excludes any possibility of confusion, and the need for navigational data, and permits the most effective operations between the enemy coast and the screen formed by the British declared area.

2. Naval air forces could be permitted to use torpedoes west of 3° E, since radius of action and prospects of success preclude operations in the area from the south part of the North Sea to the Dogger Bank, and the state of training and dependence on the Group exclude the possibility of confusion.

3. Operational experiences are not yet available.

Group West will be instructed to this effect by teletype.
Xth Air Corps is to be informed by the Group.

Baltic Sea:

Operations against merchant shipping: The PREUSSEN is operating south of the Aaland Sea, the KOENIGIN LUISE in the Gotland area.

The 17th Subchaser Flotilla is patrolling the Kattegat.

Submarine Situation:

Atlantic: Unchanged.

North Sea:

Submarine U "58" returned from operations. Submarine U "56" in the Cross Sand operational area.

Submarines U "19", U "20", U "24" on outward passage to the north coast of Scotland.

Merchant Shipping:

One 3,200 BRT steamer has returned from overseas (left Las Palmas on 12 Dec.).

The British Ministry of Shipping has bought a number of 5-6,000 BRT U.S. freighters.

Afternoon: Conference at the Ministry of Transportation on the problem of the future of German ships in neutral foreign countries:

Special Items:

All negotiations regarding the sale of German ships in foreign countries have so far been frustrated by the conditions demanded by the enemy side. To date no German ship has been sold.

1. Two million pounds are necessary to free the ships already seized and to prevent the seizure of further ships on the pretext of creditors' demands.

An annual amount of 15 millions in foreign exchange is necessary to support our ships lying in foreign countries, i.e. 3 million cash in foreign exchange, the rest by account.

2. It was apparent from the comments of the representative from the Ministry of Economics, that the latter was not aware that because of the time of year (long nights) the return of German ships from overseas to Germany is a matter of urgency and must be expedited. The delay in the sailings of ships from South America and Spain is caused by difficulties with cargo (the particular cargo of special value to the war economy cannot always be obtained at once). Henceforth ships are to sail for home as soon as possible, with less important cargo or only with partial cargo, even empty, if necessary. All ships which can still get home are to commence their homeward voyage as soon as possible, irrespective of whether the cargo is complete. In future the Ministry of Economics will issue only non-negotiable foreign exchange of more or less

frozen credits, and no more cash foreign exchange (for example, two million Reichsmarks in cash foreign exchange were given for the the ARAUCA's cargo).

3. Subject: Sale of ships:

Spain: The High Command, Navy has consented to the sale of ships for use exclusively in Spanish coastal trade (in territorial waters only), and for traffic between Spanish colonies, but only if the enemy recognizes the change of flag without option.

Italy: The High Command, Navy has consented only to the sale of ships which are intended to ply in the Adriatic exclusively.

Russia: The High Command, Navy would consent only in the case of ships for Baltic and Black Sea trade, but in this case a sale is out of the question because of our own requirements in these areas.

Japan: The High Command, Navy has agreed to sell individual ships exclusively for the voyage Japan - China, given enemy recognition of the change of flag without option, and if Japan agrees to other political stipulations, such as, no mortgaging of German ships because of enemy demands, as is at present intended in Holland for instance. If occasion arises, further ships can be brought up from the Dutch East Indies and western America for the Northeast Passage.

South America: The High Command, Navy would only agree to the sale of certain definite ships under the conditions indicated, to obtain foreign exchange in order to prevent seizure.

4. The Chief of Staff, Naval Staff declares himself ready to postpone the steamer WINDHUK's homeward passage another two weeks, so as to give the Africa Line an opportunity to settle with its creditors, in spite of the disadvantages entailed by the advanced season (shorter nights) and in spite of the risk that the WINDHUK may be put under full arrest during that period (prestige!).

5. The Ministry of Transportation's attention is drawn to the following facts:

a. that it is even more urgent to set sail from South America than from Spain because of the longer route;

b. that the simultaneous sailing of several ships from different ports is favorable as they effect mutual relief;

c. that Naval Staff emphasizes the special importance of numerous ships staying in foreign countries in readiness or apparent readiness to sail, since this gives mutual relief and restricts the movements of a number of enemy patrol forces. This diversionary effect must be kept up as long as possible.

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The Commander in Chief, Navy in Wilhelmshaven for an inspection of dockyard installations, to give an address to the dock workers and attend conferences with Group West and North Sea Station.

Items of Political Importance

The resignation of the British War Minister Hoare Belisha has given rise to great internal political unrest in Great Britain and to sharp attacks on the Government. The principal reasons for his dismissal seem to lie in the military sphere. It is emphasized that his resignation implies no alteration in the policy of the War Cabinet. The possibility that a Ministry of Defense, comprising all the armed forces, will be formed is being discussed. His successor, Oliver Stanley passes as a hardworking but indifferent politician with no outstanding qualities. Hoare Belisha was said to be a supporter of the defensive war policy. His resignation means that the General Staff will come more sharply into prominence and therefore possibly a transition to more active warfare.

The German representative was handed a declaration by the Dutch Foreign Office to the effect that the Netherlands intend to defend themselves against any attacks not just "symbolically" but with all the means in their power.

The Argentine Government declares that the belligerent powers have no right to lay mines outside their own or enemy territorial waters. The Argentine reserves the right to claim compensation for all damage.

The U.S. Government has made a fresh protest to Great Britain, against the way British contraband control is forcing U.S. ships in to the war zone and into a British control port. No political importance is, however, attached to this protest since American shipping acquiesces willingly in all British blockade measures.

For Chamberlain's speech at the Guildhall see Foreign Press.

Special Reports on the Enemy 9 Jan.

Atlantic:

Great Britain:

Radio monitoring report from the Indian Ocean:

The aircraft carrier GLORIOUS with escorting destroyers has put to sea again after a short stay in Aden. The cruiser SUSSEX is in Colombo.

Otherwise no reports of special interest.

France:

The Flag Officer Commanding, Atlantic Fleet was southwest of Brest and making

for the passage off Point du Raz.

A large ship, probably the STRASSBOURG or the BEARN is to put in or out of Gibraltar on the morning of 10 Jan.

Radio monitoring reports various patrol forces off the northwest coast of Spain. The patrol vessels in the Channel are repeatedly being ordered to divert neutral steamers to French ports.

North Sea:

The British submarine STARFISH was destroyed (see Own Situation).

For statements made by prisoners of war from the submarines UNDINE and STARFISH see War Diary, Part B, Vol. V, Page 90.

According to Danish reports some of the drifting mines washed ashore on the coast of Jutland were filled with sand and cement instead of explosives.

It is assumed that these are mines from a dummy British minefield.

Shipping Losses:

By striking a mine; the British steamer DUNBAR CASTLE (10,000 tons).

Own Situation:

Atlantic:

Nothing to report.

North Sea:

Group West reports the sinking of the British submarine STARFISH (640 tons) 40 miles northwest of Heligoland, caused by a depth charge attack from minesweeper M "7". Crew rescued. The submarine was located by echo ranging set before the periscope was sighted. After the crew was taken off, the submarine sank, so that it was not possible to salvage the confidential books.

A most gratifying success, which is to be valued especially highly after the recent destruction of the submarine UNDINE; this will give our subchaser units more confidence and certainty and, it is hoped, will convince the British submarine arm of the dangers of operating in the Heligoland Bight. The sinking will be kept secret in order to leave the enemy in doubt as to the type of German anti-submarine measures used.

Ship "4" has returned from her first operation. No successes were gained. The commander operated with great caution, as he believed he had been identified and reported by a British plane as suspicious.

Like the first operation of Ship "20" this operation too bears the stamp of lack of experience in warfare. The officer personnel on these special vessels should be examined, in order to ensure, as far as the assignments require it, that experienced officers are posted as their commanders. In addition, special emphasis must be laid on thorough briefing beforehand, especially of the less senior commanders, on their assignments, the particular situations which may arise, the enemy's procedure, procedure against submarines and planes etc.

Naval Staff has information concerning the trawlers of the Special Group, from which it appears that several of these vessels are suitable in a limited degree only for the combat tasks assigned to them, since after their conversion to special vessels they retain little of the main quality of unobtrusiveness which was ascribed to them. The tasks assigned to these combat vessels should therefore not exceed the operational possibilities which are restricted by their external appearance, and no vessels which are actually unsuited to their assignments should be sent on operations.

Because of these criticisms, the Commander in Chief, Navy is taking the opportunity of his presence in Wilhelmshaven to obtain some information personally on these Special Groups.

During the forenoon and afternoon of 9 Jan. armed air reconnaissance was flown by the Xth Air Corps against the east coast of England between the Thames and Kinnaird Head, with attacks on British merchant shipping. According to reports from Xth Air Corps, more than ten steamers were attacked; attacks on six British steamers of between 680 and 4,500 BRT were confirmed by radio monitoring reports.

The Admiralty admitted that the following were sunk:

The British steamer COWRIE (689 BRT) and the Danish steamers IWAN KONDRUP (2,368 tons) and FREDDY (955 tons). The attacks on the British steamers were answered by machine-gun and anti-aircraft fire. (See also Air Situation for 10 Jan.)

According to British statements the air attacks are said to have taken place throughout on unescorted and unprotected steamers. Because of misty weather, fighter defenses could not establish contact with the German raiders.

Naval Staff values the successful attacks of the German Air Force on British merchant shipping especially highly, because - in conjunction with the minelaying offensive - they are highly suited for the intimidation of enemy and neutral ships alike, even if the ship attacked is not sunk. In this way the greatest success can doubtless be gained by ruthless warfare against both enemy and neutral shipping.

Several enemy planes penetrated the Heligoland Bight during the night of 9 Jan. Three bombs were dropped north of Sylt without any result.

Baltic Sea:

Unsuccessful anti-submarine hunt in the western Baltic Sea. The presence of submarines is improbable. Attacks on merchant shipping are being carried out by minelayers. The GRILLE was damaged in a collision with a German steamer. The steamer sank.

Russo-Finnish conflict:

The Chief of Staff, Russian Fleet demands that inefficient Naval Air Force radio personnel be relieved, and threatens judicial punishment of the commanders responsible if there is a repetition of faulty radio operating.

The Russian garrisons on Saeskaer and Lavansaari have been reinforced, guns to be set up on the islands are en route in transports.

Submarine Situation:

Atlantic: Unchanged.

North Sea:

In the operational area: submarines U "56", U "19". Submarine U "56" reports the execution of her minelaying assignment at Cross Sand (six ground mines). Outward bound: Submarines U "20", U "24" (Rattray Head) and - putting to sea today - submarine U "23" (bound for the Shetlands). Success report from submarine U "58" which has just returned includes the steamer LARS MAGNUS TROZELLI (1,955 tons), the SWARTOEN (2,475 tons) and destroyer VISCOUNT.

Further successes in the war against merchant shipping: The Greek steamer TONIS CHANDRIS (3,200 tons) sent an SOS from position near the Shetlands and reported she was sinking.

Merchant Shipping:

Unidentified ship, apparently the German steamer BAHIA BLANCA (8,558 BRT) reported at 2230 on 9 Jan. from 66°9' N, 26°20' W (Denmark Straits) that the ship had sprung a leak caused by the ice and was slowly sinking. The Danish rescue ship AEGIR put out from Reykjavik to go to her rescue. This report was confirmed by the German Consul on inquiry. The British radio report on 30 Dec. that the steamer BAHIA BLANCA was taken prize by a British cruiser was

therefore a barefaced fabrication intended to scare German steamers returning home.

The fact that Greek shipowners are firmly refusing to operate their ships between England and Greek ports is said to be causing some disquiet in British export circles.

The weather outlook leads us to expect the continuance and worsening of the present frosty weather. The penetration of severe Siberian cold as far as western Europe may possibly be expected.

The following teletype has been sent to Group West, Group Baltic, and Commanding Admiral, Submarines:

1. Expect frosty weather to continue and become more severe because of east and southeast winds until 20 Jan. at least.

2. Report what measures it is proposed to take if the Kiel Canal should become closed to naval forces and shipping entirely, and especially with regard to the routing of Scandinavian shipping (ore and coal) through the North Sea.

3. Groups to report ice situation at bases daily.

The Fuehrer has postponed his decision on "Operation Gelb" until 10 Jan.

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Conference on the Situation with the Chief, Naval Staff:

Special Items:

I. The Chief, Naval Staff gave a review of his conferences in Wilhelmshaven and Kiel as follows:

Special Items:

a. The experiences gained during the first battleship operation (21 - 27 Nov.) (see copy in War Diary, Part C, Vol.II) as evaluated by Naval Staff were passed on to the Commanding Admiral, Group West, and the Commanding Admiral, Fleet by the Chief, Naval Staff in an interview.

The next battleship operation will not be possible before 30 Jan.

b. With regard to the use of the Special Groups the Chief, Naval Staff has given orders as follows, on the basis of his inspection at Wilhelmshaven:

An examination is to be made in each case to see whether the steamers of the Special Group are suited for the execution of their assignments. These assignments, however, must be in accordance with the character of the vessel. On principle, vessels which are not suitable are not to be sent out.

The present officer personnel aboard the vessels is not adequate. Steamers with special assignments are to be manned by experienced officers. The assignment of only one young officer, unassisted by a watchkeeping officer or warrant quartermaster is also inadequate for trawlers. Vessels must henceforth be manned with a watchkeeping officer or warrant quartermaster.

c. The cruiser LEIPZIG is to be de-commissioned while under repair, and the crew commissioned to the PRINZ EUGEN.

d. Group West has requested the allocation of the 2nd PT-Boat Flotilla to his command. The Chief, Naval Staff has consented to the transfer of the 2nd PT-Boat Flotilla to the North Sea as soon as the ice conditions permit.

II. The Commander in Chief, Air Force has given basic sanction for attacks on the docks at Rosyth by the German Air Force. When these attacks are carried out, similar attacks by the Royal Air Force on the docks and dock area in Wilhelmshaven, Hamburg and Bremen can be expected at once. Naval Staff considers it of great importance that the German Air Force does not carry out these attacks on British dockyards for the time being, owing to the close proximity of the German dockyards to each other and the Navy's great dependence on the dockyards in the west.

1200 Report from the Chief, Naval Ordnance Division, Bureau of Naval Armament to the Commander in Chief, Navy on the result of Ambassador Ritter's economic negotiation in Moscow. Stalin conducted the Russian negotiations in person:

Results on the whole satisfactory, as could be seen from the reports from Ambassador Ritter already telegraphed. Deliveries of iron, ore and scrap metal were conceded. Likewise colored metals - including quantities of nickel, copper and tin, which had not been expected so far - both for special Russian deliveries and German requirements. Also unexpected amounts of chromium ore. However there are a considerable amount of details still to be attended to, so that, for example, valuable iron ores will not be available until 1941.

Russian demands for naval gear have come well to the fore in the discussion of returns to be made by Germany.

Thanks were expressed for readiness to hand over the LUETZOW. Former demands have been greatly moderated as regards quantities and dates of delivery. However very heavy guns (for ships) are still desired - e.g. three 38 cm-twin turrets and three 28 cm triple turrets, and four 15cm triple turrets.

These demands permit interesting conclusions as regards the Russian construction program.

The Chief, Naval Ordnance Division, Bureau of Naval Armament, is going into the question of how these demands can be met in full. The Chief, Naval Staff is on principle taking the attitude that the decision as to whether they shall be fulfilled or not depends ultimately on how far we have to depend on Russian production. Furthermore, the views of the Ministry of Food (feeding stuffs for pigs) and the Ministry of Economic Warfare (pig iron and ores, oil) are decisive in this respect. The Fuehrer will of course have to decide certain points (e.g. delivery of 40.6 cm). These are also other urgent Russian requests regarding the plans of the TIRPITZ, submarine periscopes, batteries, tanker construction, delivery of repair ships and training ship construction. These questions are being examined in conjunction with the Bureau of Naval Armament, Naval (Ship) Construction Division, and a report will be made later.

Special Reports on the Enemy:

Atlantic:

Great Britain:

The old battleship ROYAL SOVEREIGN was at sea off Portsmouth on 8 Jan. according to radio monitoring and must therefore have finished her dockyard overhaul.

A report from a steamer again confirms that fairly fast, and above all, large armed passenger steamers are sailing without escort also in the North Atlantic.

Shipping Losses:

The steamer ROTHESAY CASTLE (7,016 tons), which ran aground off the west coast of Scotland on 4 Jan., has been abandoned by the crew as she was threatening to break up.

France:

Numerous vessels at sea in the Channel covering steamer traffic and on anti-submarine patrol.

On 10 Jan. three submarines in the West Indies are to commence the search for the German steamer KONSUL HORN, which sailed from Aruba.

Neutrals:

French patrol vessels were informed on 9 Jan. that a cruiser of the OMAHA class and two other U.S. naval vessels were in the Azores area on 8 Jan.

North Sea:

Destroyer movements in the Tyne area.

Bomber squadrons penetrated the Heligoland Bight.

Shipping Losses:

The Norwegian steamer MANX (1,350 tons) struck a mine 45 miles east of Noss Head, the French steamer MONTAUBAN (4,200 tons) ran aground north of Hartlepool.

Intelligence reports from Holland:

1. The islands of Texel, Vlieland, Terschelling, Ameland and Schiermonnikoog are occupied by naval and shore-based forces.

a. The Navy is attending to the minelaying tasks and supervision of the mined areas between the islands.

b. Shore-based troops are servicing the anti-aircraft guns (2.4 and 7.5 cm), camouflaged anti-aircraft batteries have been built into the dunes and are invisible from the sea. Since, however, the

islands slope towards the mainland, they can be seen in part from the rear. There are also dugouts, trenches and machine-gun positions and the occupying force is said to be fairly strong.

2. Rottum is not occupied by troops. There is only one lighthouse keeper and three or four other people on this island.

3. The causeway to the island of Ameland has gone to rack and ruin and has not been used for decades. It runs past point Nes to the village of Holwert on the coast.

Own Situation:

Atlantic: Nothing to report.

North Sea:

Operation by the Commander, Destroyers against the east coast of England commenced according to plan at noon on 10 Jan. on release of the keywords "Neustadt" and "Herford" with ten destroyers of the 1st and 4th Destroyer Flotillas, and the 7th Destroyer Division. Instructions from Group West (see Group's instructions as per Gkdos. 368/40 Chefs. dated 5 Jan. 1940).

Assignment 1:

Fouling of the sea area between the English coast and the British declared area in the strip between 55° 10' and 55° 15' (i.e. between Blyth and Coquet Island), if possible widespread and as close as possible to the coast.

Four destroyers as mine carriers.

Two destroyers as escorts.

Mines: 305 EMC with contact setting, 5 RMA.

Assignment 2:

Minelaying in the area near Haisbro Lightship by two destroyers as mine-carriers and one escorting destroyer.

Mines: 50 TMB.

During the night, reconnaissance of lights was carried out by planes of the Xth Air Corps with observers supplied by Commander, Naval Air, West in connection with the minelaying operation.

German Air Force over the North Sea area:

Reconnaissance and bomber forces of the Xth Air Corps carried out a search for a Norway - U.K. convoy during the forenoon, without finding the enemy. Heavy fighters belonging to the 76th Heavy Fighter Wing had a brush with nine Bristol Blenheims at about 1300. Three planes were shot down. No losses of our own.

Enemy attacks were unsuccessful. Bombs were dropped on the flats north of Sylt.

Baltic Sea:

Attacks on merchant shipping in the eastern part of the Baltic Sea are being carried out by the PREUSSEN, patrol of the Kattegat south of Anholt by the 17th Subchaser Flotilla.

Salvage work on motor minesweeper R "5" has brought no success. Prospects of salvaging her are slight.

Submarine Situation:

Atlantic:

Submarine U "32" has carried out her Ailsa Craig assignment, is north of the North Channel and is making for the North Sea because of the weather. Submarine U "30" reports the execution of her difficult assignment off Liverpool at Bar lightship. An excellent achievement!

Proceeding to the Atlantic: Submarine U "44" west of the Shetlands.

Submarine U "46" put in to port from the Atlantic.

North Sea:

In the operational area: Submarines U "20", U "23".

Submarine U "56", on return passage from Cross Sand, reports discovery of a safe, mine-free route off Smith's Knoll.

Cross Sand lightship in its peacetime position. Submarines U "19" and U "24" are returning from the Rattray Head operational area.

Merchant Shipping:

The Naval Attaché in Madrid reports on the tanker NORDMEER, which has put in to Vigo:

The NORDMEER was chained up in Curacao. Before she put to sea, the captain ordered a breastwork made of cement to be erected around the wheel-house and was able to carry out his plan without casualties, despite lively machine gun fire from a Dutch patrol boat. British naval vessels were given the slip during the night by alteration of course. The captain and crew of the steamer NORDMEER deserve recognition for the initiative and skill which they displayed.

According to reports from Italy the British government is said to have declared itself ready to agree to any possible sale of German ships to Italy. The French government however has taken the opposite attitude, so that the impression is gained that the Western Powers are playing different roles in full agreement with one another, and the concessions made by the one can be canceled by the other.

Group West reports in answer to yesterday's query that if the Kiel Canal cannot be used because of ice, it is intended to route Scandinavian shipping via the Skagerrak at night and then along the coast of Jutland. The points where neutral territorial waters are left and entered are to be changed as frequently as possible. Naval forces are to be transferred around Skagen when necessary.

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Forenoon

As a result of Group West's request for an exchange of North Sea drifters for trawlers of Commanding Admiral, Defenses Baltic, which are better suited to the North Sea, the 10th and 12th Patrol Flotillas were to be exchanged for the 7th and 11th Patrol Flotillas. As, however, the total number of trawlers in the 7th and 11th Patrol Flotillas is only 16, as against 24 drifters to be handed over, Group West considers that such a numerical weakening of the patrol units in the North Sea is not acceptable, and therefore requested that Commanding Admiral, Defenses Baltic should hand over a third trawler flotilla to Commanding Admiral, Defenses North or leave the 12th Patrol Flotilla in the North Sea.

Naval Staff has decided that there is no question of handing over a third trawler flotilla from the Baltic Sea. Group West has therefore been instructed to exchange one drifter flotilla only (10th Patrol Flotilla) for one Baltic trawler flotilla.

The Bureau of Naval Armament, Communications and Equipment Branch urgently requests release of the experimental vessel STRAHL from the command of Commanding Admiral, Defenses North for urgent experimental assignments with the Communications Equipment Experimental Command. Group West has asked that the STRAHL should be left where she is for as long as possible. Naval Staff considers the transfer necessary and justified, considering the sub-chaser situation in the North Sea. The STRAHL will therefore be released to the Communications Equipment Experimental Command after 15 Jan.

Items of Political Importance:

The Swedish Foreign Minister declares that he is quite prepared for confidential cooperation with Germany. The Western Powers have so far exercised no pressure of any kind on Sweden.

The Japanese Prime Minister Abe has resigned.

A report from the Italian Military Attache in Moscow states that Russia will in all probability occupy Bessarabia in the spring.

News from Holland shows that at the present time there is a great fear of a German invasion of Holland. Her firm determination to resist is emphasized.

Special Reports on the Enemy:

Atlantic:

Great Britain:

Radio monitoring detected light units (8th Destroyer Flotilla) at sea in the Western Approaches area. The Commander in Chief, Home Fleet issued an order to search the sea area near the North Channel (hunt for submarine U "32"?).

The cruiser SHEFFIELD is at sea in the Northern Patrol area. The 7,267 ton tanker EL OSO fell the first victim to the mines laid by submarine U "30" when she struck a mine and blew up off the west coast. A coastal radio station then broadcast at 1150: "Danger area within radius of 1½ miles on bearing 180°, 6 miles from Bar lightship."

It is to be hoped that submarine U "30" spread her minelaying over a wide area, so that the danger zone announced does not take in all the mines laid.

According to a Reuter report, German naval vessels are cruising along the Equator with orders to escort the German ships lying in Brazilian ports home. The steamers are alleged to have orders to sail at once.

The British Admiralty has announced a declared area off Sierra Leone. Position is between 8° 31' N, 8° 34' N, 13° 15' W, and 13° 20' W (Freetown).

North Sea:

On the morning of 11 Jan. a fairly old cruiser of the Northern Patrol seems to have met with an accident east of Kinnaird Head, which led to urgent and lively radio traffic.

Shortly after 1030 enemy reconnaissance planes reported our destroyers in groups of three at the eastern edge of the declared area, giving course and speed. At 1120 these reports were transmitted to all submarines in home waters.

At 1130 an unidentified patrol vessel repeated a report on the sighting of six destroyers north of the Wash. It is not impossible that this patrol vessel saw the southern group (Commander, 4th Destroyer Flotilla) twice and claimed them as six destroyers.

Shipping Losses:

The Italian steamer TRAVIATA (5,100 tons) struck a mine northeast of Cromer. The British steamer LUCIDA struck a mine 25 miles east of Newcastle.

A danger area stretching three miles in position 53° 2.05' N, 1° and roughly 40' E, has been announced in the area Cromer - Haisbro as a result of the destroyer minelaying operation.

According to the latest radio monitoring report, heavy forces are distributed as follows:

WARSPITE (flagship))	
)	
HOOD)	in northern Scottish waters
)	
REPULSE)	
NELSON	Portsmouth dockyard (?)
ROYAL SOVEREIGN	in the Portsmouth area
RODNEY)	
)	Liverpool dockyard
BARHAM)	
QUEEN ELIZABETH	in Portsmouth dockyard
VALIANT	in Devonport dockyard
REVENGE	Irish Sea
Aircraft carrier FURIOUS	in the Clyde
" " HERMES	in a Channel port
RESOLUTION and MALAYA	on the western side of the Atlantic.

This survey shows how fully the British dockyards are taken up with heavy ships, and the fact that the heavy strain on these ships during the first four months of the war has resulted in the urgent need of a comprehensive dockyard overhaul for all these forces.

See radio monitoring report 1/40 for particulars of the distribution of forces and for items of special interest in the radio monitoring service during the first week of January.

Special Items:

1. Northern Patrol cruisers and auxiliary cruisers as before. Bases in the east, Rosyth, in the west, the Firth of Clyde.

2. Escort duties on the east coast carried out by destroyers and gunboats.

3. New defense and minelaying measures in Hoxa Sound, Scapa Flow.

4. Convoys from Gibraltar follow courses a great distance offshore on the northbound route.

5. South Atlantic: No definite picture of further operations by the cruiser units. The DORSETSHIRE and the SHROPSHIRE will form Task Force G in Rio on 12 Jan., and will then cruise in the South Atlantic.

6. Cruisers of the 3rd Cruiser Squadron in the Mediterranean (the ARETHUSA, PENELOPE and GALATEA) are being exchanged for older cruisers of the C-class from home.

7. See Appendix to radio monitoring report for survey of British submarines in the North Sea. The 2nd, 3rd and 6th Submarine Flotillas are operational with 35 boats. Command stations at Rosyth, Blyth, Tyne, Dover, and Harwich.

For interrogation of the crew of the submarine STARFISH see War Diary, Part B, Vol. V, Page 90.

Own Situation:

Atlantic: Nothing to report.

North Sea:

The destroyer operations off Newcastle, Blyth and Haisbro all proceeded according to plan. The groups will put in to the estuaries during the afternoon.

Enemy planes shadowed from 1100 on. At 1345 the group of Commander, Destroyers was unsuccessfully attacked near Hornsriff by two formations of four bombers each. Only two planes dropped bombs, the others turned away in the face of accurate anti-aircraft machine-gunfire; one plane was definitely shot down, one doubtful.

The destroyer operation was a fresh success for the German minelaying offensive on the east coast.

The 6th Torpedo Boat Flotilla is carrying out an operation against patrol vessels, radio beacon vessels and submarines to the west of the declared area.

Operations Air Force:

Air reconnaissance by Xth Air Corps was carried out according to plan. No convoys established in the Shetlands-Norway area. Assignment broken off at 60° 30' N because of bad weather.

As reported from Norway in the meantime, the expected convoy has already left Bergen on northerly course. The convoys keep on a northerly course till they are about 62° N, i.e. roughly off Stadlandet, and leave territorial waters here on a westerly course. Planes on armed reconnaissance attacked patrol vessels and merchant ships off the east coast of England, various hits were scored. Aerial battle with British fighters directly off Yarmouth. Attack made on convoy (20 ships, 1 cruiser, 5 destroyers) off the Humber in the afternoon. One steamer was left on fire.

Photographic reconnaissance flights were made over British and French ports as well as the successful armed reconnaissance flights. (See air situation for 12 Jan. for particulars.)

The cruiser EMDEN was placed under the command of the Naval Training Inspectorate as a cadet training ship on 1 Jan. 40.

Baltic Sea:

Severe displacement of ice has occurred in the Gjedser Channel since early this morning. Shipping is badly impeded. - The straightening of the gap in the barrage will be commenced in the Sound on 12 Jan. - The net barrage "Jade 1" has been raised.

It appears from Swedish press reports that at the beginning of January work was actually commenced on the construction of a canal through the Falsterbo peninsula from Kaempinger Bay to Hoellviken. The surveying of the territory was commenced and the cutting of a path through the Priest's Wood there has begun.

All seaplane bases in the Baltic and North Sea except Heligoland are frozen, so it is no longer possible to take off and land.

Submarine Situation:

Atlantic:

Submarine U "34" has put out for the Atlantic operational area. Otherwise unchanged.

North Sea:

Submarine U "20" off Kinnaird Head, submarines U "15", U "60" outward bound to the operational area in the southern part of the North Sea.
Submarine U "23" in the inshore waters around the Orkneys and Shetlands, submarines U "56", "19", "24" on return passage or in port.
Submarine U "32", returning from the North Channel, has been assigned an operational area off Kinnaird Head.

Merchant Shipping:

Own Shipping:

New instructions concerning the return of German ships have been wired to the German representatives in Buenos Aires, Montevideo and Rio de Janeiro by the Ministry of Transportation. According to these instructions all ships are to return home regardless of whether their cargoes are complete or not. The blockade zone is to be traversed by the end of March at the latest. The moment for putting to sea is to be selected so that, as nearly as possible, the ships put out from the various ports simultaneously.

Ships en route for Rotterdam have been halted because of the ice conditions in the Dutch waterways.

Neutral Shipping:

Numerous reports from neutral countries confirm the very great difficulties with which neutral shipping to Great Britain has to contend because of unwillingness on the part of the crews. According to new regulations Danish ships may no longer sail alone. The Naval Attache, Copenhagen reports:

a. At present no less than 13 ships are lying in Copenhagen, whose sailing is delayed by their inability to bring their crews up to strength. According to information received by him, more ships are also lying in other Danish ports and cannot sail for the same reason.

b. The Danish Seamen's Trade Union is now said to be taking steps to force seamen who have been unemployed for a longish time to sign on for trips to Great Britain by threatening that their benefits will be stopped if they do not do so.

Obviously even the wages, which were increased by a further 150 % some time ago, are not sufficient inducement to sign on.

At present the Japanese are experiencing no difficulty in connection with the shipping of German goods. It may be assumed as a fact that there is an agreement between the Japanese and the British, under which the British let the goods through without further control on condition that the Japanese voluntarily put into a British control port.

Research carried out by the Naval Intelligence Division has shown that no neutral Scandinavian ships can so far be proved to have participated in enemy convoys. Norway is actually supposed to have instructed her shipowners not to take part in enemy convoys. Neutral steamers sailing alone must obtain sealed sailing instructions from the Consul at Bergen after their papers have been examined. These may not be opened till they are at sea.

They are provided with further instructions by a patrol vessel near the Moray Firth.

1845 Lieut. (sg.) Loewe of the Armed Forces High Command (National Defense) informed Naval Staff in person that the Fuehrer had definitely decided on "Gelb".

The Armed Forces High Command's decision follows in writing. Key word serial number should read 51.

1900 The Operations Officer, Group West was informed by telephone that the first two figures in the teletype, subject, conferences on recognition signals, should read 51 !

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1100

Conference on the Situation with the Chief, Naval Staff:

Special Items:

Letter from the Armed Forces High Command concerning operation "Gelb", with the Fuehrer's final decision, has been received. (See letter from Armed Forces High Command dated 11 Jan.). The verbal instructions received on the evening of 11 Jan. are confirmed:

"Key word serial number 51 - time: 0816."

According to the instructions given, the Navy may commence operations in advance of the general operation. Naval Staff considers that 0500 will be early enough. The Chief, Naval Staff has agreed that all the proposed measures will be put into operation. The disposition of the torpedo-carrying submarines is to be reinforced if possible.

On inquiry Group West was informed by telephone that "the conference begins at 0815".

During the afternoon the following directives were issued to Group West and Commanding Admiral, Submarines - operational :

I. 1613 Most Secret Teletype:

Conference on recognition signals for submarines is planned to take place as per 3/Skl Gkdos. 5115.

Skl/ 425/40 Gkdos.

1614

II. Most Secret Teletype:

Reference Skl.Gkdos. 425/40.

1. Operations HM, IM, OM, WM, OU, TU, HL, IL, OL, WL, OL.

2. All operations number 51.

3. Reinforce TU as far as possible.

4. Time of execution as per Skl I op 470/39 dated 12 Dec. paragraphs 2 and 4.

5. Issuance of orders as per Skl I op 413 paragraph 2 reserved, even for isolated operations.

6. "A" time follows.

Skl/426/40 Gkdos.

III. 1740 Most Secret Teletype (S.C.s only) in Special Staff Officer's code.

Reference Skl Gkdos. 426/40 paragraph 6, 0816 hours

Skl I op 42/40.

(for explanation of keyword operations as under II paragraph 1. see Part C, Vol.II).

Since there have been various serious cases in which unauthorized persons were informed of secret matters, which thus reached the knowledge of the foreign intelligence services the Fuehrer has issued the following basic order:

1. No one, no office or officer may learn of a matter which is to be kept secret if it is not absolutely necessary that they should know for service reasons.

2. No office or officer may learn more of a matter which is to be kept secret than is absolutely necessary for the execution of their particular duty.

3. No office or officer may learn of a matter which is to be kept secret, or the part concerning them, earlier than is absolutely necessary for the execution of their assignment.

4. Thoughtless passing on of orders whose secrecy is of decisive importance in accordance with any general distribution code is forbidden.

Adolf Hitler.

Items of Political Importance:

See Political Survey No. 10 for the Jewish problem in Great Britain and reflections on the elevation of India to Dominion status. According to an intelligence report, the British are intending to exempt the Italians from the Suez Canal dues (about 30-40,000,000 marks annually). This would answer a pressing

request from the Italians.

The Naval Attache in Moscow and the Foreign Office have been informed of Naval Staff's interest in the question of using the northern sea route. The Naval Attache has been requested to give constant reports on the progress of the conferences.

Naval Staff is interested in the use of this route:

1. for merchant raiders;

2. for our own imports, and the return of our shipping from the Far East.

With reference to 1.:

Constant merchant raiding operations become increasingly important as the war goes on as they tie up enemy forces permanently in distant maritime areas and make the conduct of our own warfare around Great Britain easier. The break through the Shetlands-Iceland passage will probably become more and more difficult, especially for these ships, and further difficulties will arise in reaching their individual operational areas (South Atlantic, Indian Ocean and the Pacific) because of the necessity of crossing the North Atlantic routes and through the Freetown - Bahia passage.

A northeast passage "postern gate" on the outward and homeward passage would therefore be most useful. The merchant raiders are already being fitted provisionally with the necessary reinforcement against ice.

With reference to 2.:

Permission for German shipping to use the Northeast Passage is desirable so that the ships still in the Far East may get home and avoid scuttling or seizure by neutrals, especially as the latter measures always benefit the enemy indirectly by releasing other tonnage.

Further, the inauguration of sea transport from the far eastern area for such goods as are scheduled as bulk articles under the Russo-German treaty, would also bring much desired relief to the Soviet authorities, especially if the barter goods - when bound for the far eastern part of the Soviet Union - took the same route.

Naval Staff is quite aware that such a use of the northern sea route requires very thorough preparation, especially in consideration of time, and that it would only be possible if German shipping movements were incorporated in the Soviet schedule.

The very fact, however, that participation of German shipping here would meet Soviet traffic interests halfway seems a good way of inducing the Soviet authorities to support this plan.

Special Reports on the Enemy:

Atlantic:

Great Britain: Nothing to report.

France:

Radio monitoring intercepted convoy movements, also various submarine warnings and submarine attack reports in the Channel, though there are none of our boats there at present, - in the afternoon two submarines put out from Fort de France for Casablanca.

North Sea:

The Commander in Chief, Home Fleet, was 120 miles west of the Shetlands. Air reconnaissance was detected in the vicinity of the Faroes. - British coastal radio stations are issuing warnings regarding a dangerous minefield east of Blyth.

Shipping Losses on the East Coast:

The British steamer GRANTA (2,700 tons) as the result of a mine,
British steamer KEYNES (1,700 tons),
Steamer PITWINES (932 tons) and
Trawler CROXTON (195 tons) in air attacks.

Own Situation:

Atlantic:

Nothing to report.

North Sea:

The operation of the 6th Torpedo Boat Flotilla against patrol vessels and radio beacon vessels west of the declared area proceeded according to plan and produced nothing of special interest. 15 unsuspicious fishing vessels were detected.

The anti-submarine hunt west of List produced no results.

The ice situation has become more serious. The SCHLESIEN has been put into operation on the Jade to assist ice-breaking. Air reconnaissance by the Naval Air Force had to be canceled.

In accordance with Russian wishes, our patrol forces picked up the Russian steamer STALIN near Borkum. The improbable report had come from the Hague that Polish destroyers had been sent out against her by the British.

In the forenoon the operational German Air Force reconnoitered the Firth of Forth and the area between St.Abb's Head and the Wash. There are about 25 barrage balloons at a height of 1,000 meters in the Firth of Forth. No enemy forces were detected.

Successful armed reconnaissance in the afternoon between northern Scotland and Norway, also operations against merchant shipping off the east coast of England. Approach to the coast in the Thames area was prevented by British fighter forces on defensive patrol. Numerous barrage balloons at a height of 300 - 400 m were detected along the whole coast from Southend to Orfordness.

Several patrol vessels and steamers were attacked successfully, two patrol vessels and one steamer were definitely sunk. A convoy of 30 ships escorted by two cruisers and four destroyers was sighted off the Wash. No attack was made because of heavy defenses.

Baltic Sea:

Commanding Admiral, Defenses Baltic reports worsening of the ice situation. Tugs are necessary at all bases except Warnemuende, Neustadt and Kiel. The Gjedser net barrage is torn and drifting. Investigations are in progress. Heavy freezing in the Belts is forcing restriction and partial withdrawal of the Danish lightships and pilot service. Operations against merchant shipping are being carried out by the minelayer PREUSSEN, and patrol of the Kattegat by a sub-chaser flotilla.

Submarine Situation:

Atlantic:

On passage: Submarine U "44" west of Ireland, submarine U "34" in the central part of the North Sea.

Homeward bound: Submarine U "30" west of the Hebrides, submarine U "32" west of the Orkneys.

North Sea:

Submarines U "19" and U "24" put into port. Situation otherwise unchanged.

Submarine Operations against Merchant Shipping:

The order given on 6 Jan. for unrestricted warfare in the area Shetlands - St. Abb's Head is amplified to the effect that benevolent neutrals and American ships are to be spared for the present. Commanding Admiral, Submarines has therefore issued orders as follows, cancelling the previous orders:

"Proceed in accordance with Standing War Order No. 121 in dealing with all ships including neutrals, except Russian, Italian, Spanish, Japanese and U.S. ships, in the area between 61° N and 56° N, and 4° W and 0° W. Remain undetected if possible."

In accordance with instructions from the Fuehrer, orders have been issued for submarine attacks without warning in an area in and off the Bristol Channel, for further intensification of the war against merchant shipping.

"Submarines are permitted unrestricted warfare against all ships, with the exception of those definitely identified as North American, Italian, Russian, Japanese or Irish, in the area between the points 50° N, 5° W; 50° N, 8° W; 51° N, 8° W; 52° N, 6° W eastwards as far as the west coast of England. If possible remain undetected during attack in order to maintain the fiction of mines.

Merchant Shipping:

The possibility, indicated a short time ago, that Uruguay may enter the war has caused the following information to be sent to all diplomatic representatives concerned (except those in the Nordic and Baltic countries, including Holland).

Information to be passed on, No. 101/40:

"Captains are responsible for making all preparations for the sure and thorough destruction of their ships. Carry out destruction if the Government controlling the port of call enters the war against Germany, and it is not possible to put out for a home or neutral port in good time. Navy."

In addition, the following information to be passed on to all German merchant ships in the North and South Atlantic oceans was issued on 11 Jan.:

Information to be passed on No. 1/40: "The BAHIA BLANCA sank on 8 Jan. in 66°9' N, 26°20' W as the result of a collision with an iceberg. All the crew were saved. Otherwise ice conditions in the Denmark Strait continue favorable. Naval Control."

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Weather Report for 13 Jan. 1000.

Western Europe and the greater part of Germany are still lying in the high pressure area stretching from the Balkans over the North Sea to the Faeroes, and the weather is therefore calm with hard frost. No disturbances from the Atlantic to be expected. On the contrary, a warm northwest current of air has penetrated the Baltic Sea, and is already producing a slight thaw in East Prussia. In the immediate future the temperature will rise above 0° in the east, there will still be slight frost in western Germany.

Conference on the Situation with the Chief, Naval Staff.

Special Items:

1. For the present there is no alteration in the situation regarding operation "Gelb". Permission for the operational air force to attack enemy fighter units may be expected on 14 Jan. (see letter from Armed Forces High Command dated 11 Jan.).

In addition the Commander in Chief, Air Force has ordered an increased degree of alarm for our anti-aircraft guns. The same is to be ordered for the North Sea and Western Baltic.

In accordance with Naval Staff's orders, the Commanding Admiral Submarines will probably be able to provide two more submarines for operation "TU".

After the mines have been laid as ordered for "Gelb", it is intended to announce corresponding declared areas. The Fuehrer's approval is to be requested.

2. "Study North" received from the Armed Forces High Command. This gives a rough preliminary survey of the possibilities of German operations in the northern area. The Fuehrer has ordered a Working Committee to be formed to revise the study; it is to be headed by an Air Force General, who will at the same time be entrusted with the execution of any eventual operation. The Chief of Staff of the Working Committee will be a naval officer and the Chief of Operations Branch an army officer.

The study commences with the premise that should Great Britain establish herself in the Norwegian area it would create an impossible situation for Germany in her military strategy, and that probably the only way to prevent this would be for Germany to anticipate a British move and occupy Norway first. Anti-German feeling is growing in the Scandinavian countries as the situation becomes tenser owing to the Russo-Finnish conflict, and this would be in favor of England if she were to take action in Norway. Resistance on the part of the Norwegians can hardly be expected. According to Study North, the possibility of such a development becomes the more probable because the Storthing, contrary to constitutional practice, was not dissolved on 11 Jan. and the Jewish pro-British Prime Minister, Hambro

remains at the head of the present Norwegian Government. In the opinion of the Armed Forces High Command it is also possible that a German offensive in the West will be used by England as a pretext for occupying Norway.

The Armed Forces High Command's study was initiated by a report made to the Fuehrer on 12 Dec. 1939 by the Commander in Chief, Navy, in which the latter, as the result of his conversation with Quisling on 11 Dec., drew attention to the great threat which the establishment of the British in the Scandinavian area would imply to German strategy, and explained the opportunities for German operations which the possible development of internal political conditions in Norway might afford. (See memorandum of conversation between the Commander in Chief, Navy and Quisling, and the report to the Fuehrer in War Diary, Part C, Vol. VII).

The Chief, Naval Staff is still firmly convinced that Great Britain intends to occupy Norway in the near future in order to cut off all exports from the Norwegian - Swedish area to Germany completely, and to hinder German warfare on the ocean and in the North Sea; in so doing she will be able to count on Norway's tacit consent or at least that of the Government and the majority of the population because of the Norwegians' anti-German attitude. This opinion is confirmed by special intelligence, which has reached the Chief, Naval Staff. In the view of the Chief, Naval Staff, the exercise of very strong British pressure on Sweden could be expected as a further result of such an occupation, with the aim of choking off the flow of all merchant traffic to Germany, and, if possible, of forcing Sweden into the war on the side of the Western Powers. The Chief, Naval Staff sees a most serious threat to Germany in such a development, since the occupation of Norway by Great Britain would have a decisive effect on the war against Germany.

In partial opposition to the opinion of the Chief, Naval Staff, the Operations Division of Naval Staff does <u>not</u> believe that an imminent British occupation of Norway is probable. Apart from the fact that it is in any case doubtful whether Great Britain is at present capable of such a display of force, in the opinion of the Operations Division, Naval Staff, such an operation would involve great risk and great difficulties for Great Britain. The occupation of Norway would bring Great Britain into strong and extremely undesirable opposition to Russia, and, further, would immediately call forth severe counter measures on Germany's side. The establishing of British forces in Norwegian bases would directly result in the immediate extension of German operational bases to Denmark and, if necessary, to Sweden, and German sea and air forces would thus constitute an effective threat to any British activities in the south Norwegian area.

Any British military pressure exerted on <u>Sweden</u> from Norway could be rendered ineffective by immediate German action against Sweden, since the effects of <u>German</u> warfare could be made felt to a much greater degree and much more quickly than would be the case with British operations undertaken from the Norwegian area.

In the opinion of the Operations Division, Naval Staff it must be regarded as very improbable that Great Britain could release such strong forces at home as would be necessary for the occupation of Norway, in order to counter the grave threat from Germany effectively.

The Operations Division, Naval Staff considers, however, that an occupation of Norway by Germany, if no British action is to be feared, would be a dangerous undertaking, both from the strategic and economic point of view. After German seizure of Norway, the neutral Norwegian territorial waters would no longer be safe, and with Germany's at present still small naval strength, the maintenance of German ore imports - especially vital during the winter months - from the Norwegian area, and of the important sea routes to Base North and to and from overseas could no longer be guaranteed. While in complete agreement with this opinion, the Chief, Naval Staff is also convinced that the most favorable solution is definitely the maintenance of the status quo, which, while Norway preserves the strictest neutrality, permits Germany's important wartime sea traffic to use Norwegian territorial waters in safety, without the fear that Great Britain will make any earnest attempt to disrupt these sea communications. The development of the political situation in Norway and also the situation of the war as a whole cannot be predicted. It is therefore necessary, on principle, to include an occupation of Norway in the operational preparations for general war strategy, and, where the Navy, which would play a decisive part, is concerned, to get all preliminary work under way which would be necessary for the fulfilment of any demands which may be made on the Naval Staff, possibly at short notice. This preliminary work will be summarized in Study North.

In view of danger from the air following the projected operations of the Air Force the following teletype was sent to Groups West, North and Baltic:

As from the early hours of 14 Jan. increase degree of anti-aircraft alarm in the North Sea and west part of the Baltic Sea unobtrusively. The German Air Force has issued similar orders. Skl. 49/40. I op Gkdos.

Before it had been decoded by the operational stations, however, this order was declared invalid, as the scheduled air operation was again canceled.

According to a directive received, Group West, Admiral Commanding, Submarines and the German Air Force General Staff were informed that Swastika flags are to be used as markings for recognition by planes in operations of 426/40 Gkdos.

The keywords for "Execution" and "Stop" have been altered by the Armed Forces High Command. Group West and Admiral Commanding, Submarines are being informed of the alteration.

At 1710 Group West reported that operation "M" is scheduled as from 0500. Three submarines have been assigned for "TU". Eight machines from Holtenau are to carry out operation "L". Focal points for this "O" and "W" (see also reply - teletype of 16 Jan.).

The Navy is ready for operation "Celb".

Items of Political Importance.

The Russian Government has sent notes to the Swedish and Norwegian Governments in which she charges both powers with violation of neutrality (in connection with armament deliveries). Both Governments have rejected the Russian protest, emphasizing their desire for strict neutrality.

For the political situation in East Asia see the report in Political Review No. 11.

The British press brings news of an alleged German attack on Holland!

The German Government has made a tentative and non-binding offer to the Russian Government to arbitrate in the Russo-Finnish conflict.

1200 Report from the Chief, Underwater Obstacles Branch, Naval Ordnance Division to the Commander in Chief, Navy:

Special Items:

1. Delivery of RMB mines: Complaints from Group West concerning delay in delivery are unjustified, since the delivery of 160 RMB mines could not be expected before the end of January or the beginning of February. A further 300 RMB mines are due during February and March.

2. Paravanes:

Paravanes at present in operational use are subject to the following restrictions:

a. maximum continuous speed, 21 knots

b. maximum speed for a short time, 24 knots

c. the gear must be taken in every four hours for checking.

The Commanding Admiral, Naval Forces has made the following comment:

Limitation of the maximum continuous speed to 21 knots restricts the use of the gear by ships and destroyers quite inadmissibly, since almost all operational undertakings have to be carried out at greater speeds for strategic reasons, (traversing declared areas at night, widespread sortie under cover of darkness etc.).

The taking in of gear every 4 hours for checking the paravane and hawsers is an impossible limitation of operational freedom of action and endangers the units in areas where there is danger from submarines.

The lack of practicable wartime bow protection and accessories has so far had no disadvantageous effect owing to the fact that so far Great Britain has not commenced offensive mine warfare. Greater activity on the part of the enemy must, however, be expected at any time.

Everything must be done to expedite the provision of a mine protection gear for use on active service (paravane, hawsers and single parts) as soon as possible.

The Chief, Underwater Obstacles Branch, Naval Ordnance Division draws attention to the fact that the new paravanes are substantially stronger and are constructed for stresses of 28 - 30 knots (8 hours). It is expected that they will be permitted 28 knots. Equipment will be released for operation during the course of the summer.

The Chief, Naval Staff considers the demand for 30 knots excessive, and considers that 25 knots continuous speed with paravane is ample.

3. The Naval Staff's request for the construction of a depth charge for use by planes has been fulfilled. The depth charge has been finished throughout for a dropping height of 200 m. It will be possible to release them for operations in the immediate future.

Special Reports on the Enemy:

Atlantic:

Great Britain:

Shipping movements: The cruiser ARETHUSA (5,220 tons) coming from the Mediterranean and the cruiser EFFINGHAM (9,700 tons), coming from Canada, put in to Portsmouth. The cruiser EMERALD (7,500 tons) was on escort duty west of the Channel on 12 Jan.

The cruiser KENT is in the Indian Ocean; she put out from Colombo and is apparently proceeding to Singapore or Hongkong. The aircraft carrier GLORIOUS, with escorting destroyer, put out from Port Said on 12 Jan. in the direction of the Mediterranean.

France:

Radio monitoring intercepted patrol force movements in the Channel and off the Spanish coast. A number of vessels were at sea to the west and southwest of Casablanca on escort duty. The Atlantic forces and especially the patrol vessels off the Spanish coast were again informed of the movements of German steamers.

According to a broadcast from Daventry the French Navy Minister, speaking in Brest declared that French naval forces had sunk 10 German submarines since the outbreak of war. escorted 2,300 ships in 200 convoys and confiscated 622,000 tons of goods destined for Germany.

Neutrals:

The Embassy in Dublin reports: The Minister for Defense has ordered that while on duty, ships of the Irish Navy and Coastguard Service are to fly the national flag, and a blue pennant with a yellow harp on an azure field.

The flags are to be flown day and night outside territorial waters, inside them when going alongside foreign ships.

Group West and Commanding Admiral, Submarines have been informed.

North Sea:

Various enemy reconnaissance flights over the Heligoland Bight. Norderney unsuccessfully attacked by low flying planes.

Shipping Losses:

The steamer DAPHNE (1,969 tons) aground east of the Goodwins, the Norwegian steamer FRED VILLE (1,150 tons) sank (as result of striking mine).

Own Situation:

Atlantic: Nothing to report.

North Sea:

Nothing special to report apart from unsuccessful enemy flights over the Heligoland Bight. One bomber of Xth Air Corps was shot down by fighters in the Firth of Forth while on individual reconnaissance. The battleship SCHARNHORST reports that since the completion of her dockyard overhaul extraordinary defects have been constantly arising in all parts of the gunnery installation; among other things this has included the breakdown for days at a time of the movement and conveyor mechanism in the turrets, and the heavy and light anti-aircraft guns, as well as the anti-aircraft command post stabilisors etc.

It is to be expected that these breakdowns which are now appearing will be fully obviated during the course of the coming training and firing exercises. Naval Staff is especially keen for the battleships to be in full operational readiness by the end of January.

Baltic Sea:

Ice no longer gives any special difficulty in the Great and the Little Belts. In the Gedser Channel ice conditions are unchanged. Shipping is severely hampered and insufficiently protected steamers can only get through with the help of icebreakers. Buoys have been displaced. The SCHLESWIG-HOLSTEIN is assisting icebreaking.

Naval Air Force operations were broken off because of the weather. The minelayer PREUSSEN is continuing operations against merchant shipping.

Submarine Situation:

Atlantic:

Proceeding to the operational area:

Atlantic: Submarine U "44" south of Iceland
" U "34" north part of the North Sea
" U "25" put to sea.

Assignments according to Admiral Commanding Submarines' operational orders:

Submarines U "44", U "25": Proceeding according to Standing War Orders of Commanding Admiral, Submarines No. 101 - 171.

Exploit all opportunities while homeward and outward bound and in the operational area.

Endeavor to act in conjunction with other submarines.

Operational Areas:

Submarine U "25" area west of the Spanish-Portuguese coast, north of 42° N; submarine U "44" area west of the Portuguese coast, south of 41° N.

Special Items:

Vessels are also to be counted as darkened which have not set the full number of navigation lights or even have them dimmed. Always endeavor to carry out the sinking undetected.

Submarine U "34": Minelaying operation off Falmouth.

Homeward bound from the Atlantic: Submarines U "30", U "32"; U "32" has taken up an attacking position near Kinnaird Head.

North Sea:

Submarine U "20" near Kinnaird Head.
Submarines U "15", U "60" northern entrance to the Channel.
(for TU, operation "Gelb").
On return passage: Submarine U "23".
For short reports from submarines U "19" and "24" see Part B, Vol. IV.

Submarine U "19": one 4,000 ton tanker sunk,
Submarine U "24": misses and failures !

Weather on the evening of 13 Jan.: Broad belt of high pressure from Greenland over Iceland-Great Britain to the Balkans is preventing the advance of Atlantic disturbances. On its northeast side, however, a vigorous low pressure area is being drawn southwards from Scandinavia and is splitting up the high in this area. The northwest current of air is still penetrating the North Sea, Baltic area and northern Europe and is causing misty weather on account of the temporary warmth. Temperatures above zero.

Evening: During the course of the evening, the Fuehrer decided to postpone A-day because of the weather. The keyword serial number was altered to 6015. The decision will be made on A-5 day. 1800.

Because of the New Armed Forces High Command directive, Operations Officer, Group West was informed by telephone that the serial number had been altered to 6015.

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Items of Political Importance:

Reports from Great Britain state that the British Government is seriously examining the question of Germany's use of Norwegian territorial waters. If in the future Germany were to seize cargoes destined for Finland in Norwegian territorial waters, France and Great Britain would feel justified in defending these transports.

Since the resignation of the Abe Cabinet in Japan, Admiral Yona has been entrusted with the formation of a new cabinet. The Foreign Minister, Arita, stays. No decisive alteration in Japanese policy is to be expected. The new Cabinet has been described as a "puppet Cabinet" in the hands of the court circle. Endeavours to reach a compromise with the United States continue. Friendship towards Germany is emphasized and a policy of "good relations with all" is being aimed at.

The news of an imminent German attack on Holland and Belgium caused the following steps to be taken: intensification of Belgian defense measures, call-up of reservists, recall of troops on leave, requisitioning of automobiles, horses, etc.

Simultaneous preparations in Holland : Recall of troops on leave.

Special Reports on the Enemy:

Atlantic:

Great Britain:

No information of importance apart from the detection of enemy convoy movements.

France:

The cruiser DUGUAY TROUIN, coming with a convoy from Dakar, arrived off Casablanca.

North Sea:

The Senior Officer of the First Cruiser Squadron put into Rosyth on 10 Jan.

according to plan, with the DEVONSHIRE, the BERWICK, and the NORFOLK.

Own Situation:

Atlantic:

Nothing to report.

Telegram was received from Buenos Aires with the replies from the First Officer of the GRAF SPEE to the questions put by Naval Staff on 7 Jan.:

Question 1:
Why could the GRAF SPEE not continue the action until the EXETER was sunk ?

A definite answer is impossible; this could only be given by the Captain.

Possibilities:

a. Uncertainty as to the speed of the EXETER after she was out of sight.

b. The possibility of further enemy forces in the vicinity on the basis of our own radio monitoring report.

c. Damage limiting our own seaworthiness.

Question 2:
What were the reasons which caused the SPEE to put in to Montevideo during the action ?

Damage confirmed after the action.

Question 3:
Stock of ammunition and guns out of action when the ship put in to port ?
Main armament 306
Secondary armament 423
Anti-aircraft 2470
Torpedoes 6.

Out of action: Foretop gear of the forward anti-aircraft command post; starboard anti-aircraft; secondary armament - third port gun and hoists of the forward group and the anti-aircraft ammunition hoists. Port torpedo range transformer, starboard torpedo direction indicator, foremast gear, torpedo tube 2.

Question 4:
Condition of the engines and maximum speed possible before and after the action ?

Engines capable of maximum speed before and after the action except for the cracks reported in all auxiliary engines. Oblique exhaust casings of the forward installation and funnel of the auxiliary boiler damaged, causing breakdown of the auxiliary boiler, on account of the danger of explosion from the furnace oil trap tank. As a result, breakdown of the fuel oil and lubricating oil separators. Purified fuel oil for 16 hours after the action.

The report now gives with impressive clarity the following picture of the operational condition of the GRAF SPEE after she put in to Montevideo:

1. Personnel:

Action readiness was not prejudiced to any extent worth mentioning by casualties to the crew.

2. Material:

Main armament: Fully operational
Secondary armament: In working order except for the third port gun and the ammunition hoists for the forward group. As a result of this breakdown there were only 4 ammunition hoists available aft, so that it was necessary to carry ammunition forward.

Anti-aircraft: one third out of action. Anti-aircraft ammunition hoists out of action. Control restricted.

Speed: not affected.

Damage to the hull, through which the ship made water in seaway. The large amount of gunnery ammunition which was still available is surprising and materially exceeds expectations; at approximately 3/7 of the main, and over half of the secondary armament ammunition, this considerably exceeds the previous assumptions of the Naval Staff. An action report of the SPEE is on its way.

North Sea:

An explosion occured aboard minesweeper M "98" (6th Minesweeper Flotilla) while picking up a type UMA mine. The captain and 13 men were killed.

Baltic Sea:

In the Gedser Channel there is pack ice off the coast for about 5 miles, further out the sea is ice free. Through-passage traffic is maintained during the day. The patrol vessels which were stuck in the ice are free again.

According to the Swedish press, 11,597 ships passed through the Flint Channel during 1939 as against only 7,573 ships in 1938. This increase in traffic took place only during the period from September to December 1939; it must however, be taken into consideration that traffic through the Kiel Canal ceased almost completely during this period. It was very heavy in peacetime and most of it has obviously been transferred to the Sound.

The thorough investigation conducted by the Commanding Admiral, Defenses, Baltic into the incorrect position of the "Great Belt minefield", which has led to the loss of one patrol vessel, one subchaser and one trawler, is summarized in a report to the Naval Staff and provides the following data:

The minefield was laid by the minelaying vessel PREUSSEN with great care, employing the best of her knowledge and ability. There is no question of blame involved; the false position can be ascribed to unavoidable sources of error. The following are basic lessons which can be drawn from it.

1. The limits of a declared area must be chosen so that they definitely include the actual position of lay and make allowances for navigational difficulties uncontrollable in advance, which, as this experience has shown, can produce considerable deviations from the minelaying reports.

2. Defensive minefields which adjoin the territorial waters of foreign states in order to exclude any possibility of by-passing them outside territorial waters, or minefields in whose vicinity there is constant traffic, must be laid systematically, i.e. the commencing and finishing points of the single rows of mines are to be fixed and marked beforehand with the greatest accuracy. Further, measurements of current are to be taken and the laying course is to be followed blind.

3. If the measures as under 2. cannot be carried out, the position of lay must be carefully checked as soon as possible after the minefield is laid.

Submarine Situation:

Atlantic:

In the operational area:	Submarine U "44".
On passage:	Submarine U "34" in the north part of the North Sea. Submarine U "25" in the central North Sea.
On return passage:	Submarines U "32", U "30".

North Sea:

In the operational area:	Submarines U "15", U "60".
On return passage:	Submarines U "23", U "20".

On account of the ice situation in the Baltic Sea, submarines U "9", U "14", U "18", U "7", U "17" and U "10", which are at present training, will be detailed to the North Sea operational area after 17 - 23 Jan.

Merchant Shipping:

Own Shipping:

In order to exploit the favorable enemy position which has arisen from the hunt for the steamer CONSUL HORN, the Ministry of Transportation, acting on the advice of the Naval Staff, despatched the following telegram on 14 Jan. to the Embassy at Caracas for transmission to the agent in Curacao: "As a consequence of the CONSUL HORN's departure, use the temporarily favorable opportunity for departure of a total of 5 ships from Curacao and Aruba for Germany or Spain. Ministry of Transportation."

The Ministry of Transportation has sent orders to the Consul General in Batavia for the four ships lying in the Dutch East Indies - the MONI RICKMERS, the SCHEER, the SOPHIE RICKMERS and the RENDSBURG - to proceed to Japan, in line with the general transfer of ships to make the Northeast Passage - insofar as this is materially possible and there is no difficulty with regard to the bills of lading.

Foreign Shipping:

The sale of eight large U.S. ships of the United States Line to a newly formed Norwegian company is said to have fallen through because of objections on the part of the Norwegian Government !

For a summary of losses sustained during the war by enemy and neutral merchant fleets, and a survey of merchant shipping traffic of the Scandinavian countries, see report under 3/Skl. FH No. 1/1940 "Foreign Merchant Shipping".

According to the report, we must reckon that during November and December supplies for Great Britain from the Baltic Sea area continued almost unrestricted by evasion of the German control measures, though this involved considerable difficulties, and that a further two million or so BRT of contraband goods, carried by ships of the Nordic neutrals, escaped seizure by Germany in the Baltic and North Sea. The following points are to be kept in mind when devising countermeasures:

1. Baltic States (provisions, wood):
   Continuation of previous procedure by means of holding up, long investigations, circuitous changes of route, making of numerous difficulties, constant raising of working expenses, to make the voyage to England a losing business, and break the profit-seeking of the Baltic shippers and exporters.

2. Finland (wood, cellulose):
   As a result of the Russo-Finnish conflict exports to England are still strictly limited.

   Further developments remain to be seen.

3. Denmark (foodstuffs):
   Gratifying swing-over of trade towards Germany. Foodstuffs are conveyed to Great Britain in accordance with an agreement with Germany. Suspicion of abuse of the Malta Treaty so far not confirmed.

   There are prospects that the agreement will be broken off within a short time.

4. Sweden (wood, cellulose):

   Extensive support to the enemy. Almost all the Swedish shipping firms are shipping to England by tramps. Gotenburg is the largest European port of transshipment to England. The heaviest political pressure and most intensive operations against merchant shipping are ncessary.

5. Norway:

No longer any direct support to Great Britain from Norwegian shipping companies. The fleet of tankers has been withdrawn almost completely from supplying the enemy. Heavy transit traffic in Narvik and Trondheim, extensive transshipment traffic in Bergen from neutrals to British ships. Vigorous operations against British merchant shipping from Norway to England by submarines, and air and surface forces are therefore an urgent necessity.

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Conference on the Situation with the Chief, Naval Staff.

Special Items:

1. The Fuehrer has not consented to air attacks on the merchant ships lying in the Downs proposed by the Commander in Chief, Air Force, as they consist almost exclusively of neutral ships.

2. The Fuehrer has agreed to the Naval Staff's proposed announcement of the minefields for operation "Gelb" in the form of announcing a declared area.

3. Group West has drawn attention to the inadequate number of patrol and minesweeper flotillas in the North Sea and has requested the formation of more flotillas. In view of the shortage of personnel and material the Naval Staff considers the formation of further flotillas out of the question for the present. It remains to be seen, however, whether single patrol units could be withdrawn from the Baltic to the North Sea when the question of closing the entrances to the Baltic Sea (testing of the minefields in the Belts, readjustment of the Sound barrage) has been settled. No such withdrawal is possible for the present.

4. After weighing the advantages and disadvantages to be expected, the Chief, Naval Staff has ordered a public announcement of the destruction of the two British submarines UNDINE and STARFISH, since their loss is now known to the enemy. At the same time, efforts are to be made to bring the existence of new and especially effective German anti-submarine measures to the enemy's knowledge via foreign channels, in order to deter submarine operations in the Heligoland Bight still further.

Items of Political Importance:

There is news from Holland and Belgium concerning mobilization and special military defense measures against a possible attack by Germany. The press, however, contains reassuring articles on the situation and is endeavouring to calm the panic which has arisen. Reports from Paris give 20 Jan. as the date for the German offensive (!!!).

Rumors concerning a military alliance between Holland and Belgium are being denied at the Hague, according to a Reuter report.

The British press speaks of a German "bluff" designed to shatter the nerves of her victims.

Intelligence reports from America state that Roosevelt - acting on alleged reports concerning a Russo-German offensive alliance - has held out the prospect of help from his own and other American states to the Government of the Netherlands. The United States' answer to the Finnish appeal through the League of Nations is, on the other hand, very cautiously worded.

For the Hungarian Foreign Minister's full statement on his conference with Count Ciano, see Political Review No. 12.

Special Reports on the Enemy:

Atlantic:

Great Britain:

The Consul at Reykjavik reports: 24 armed British trawlers, with a cruiser and an auxiliary cruiser in attendance, are fishing west-northwest of Iceland. The Spanish Intelligence Center reports as follows on the patrol service off Gibraltar: more guard boats, patrol boats, converted yachts, etc. and therefore fewer destroyers have been operating lately on patrol duty. Four zones directly off Gibraltar can be identified:

1. From Algeciras Bay to south of Punta Carneró - one or two guard boats.

2. From south of Europa Point as far as approximately the middle of the Straits between Europa Point and Ceuta - two guard boats.

3. From the middle of the Straits between Europa Point and Ceuta to southwest of Ceuta - one minesweeper or destroyer.

4. In the eastern half of the Straits between Tangier and Tarifa, in the middle of the Straits, from time to time closer to the African coast - one destroyer.

Six of the patrol vessels are based on Gibraltar, while four others are also drawn upon for escort duties. Two vessels of the yacht type, two minesweepers and about six destroyers are also definitely stationed there.

According to Associated Press reports from Buenos Aires, British warships are combing the South Atlantic for a German cruiser or auxiliary cruiser.

North Sea:

It is reported from Bergen that a fairly large convoy will start from Floroe for the west on 15 or 16 Jan.

Normal patrol activity only detected on the east coast.

Shipping Losses:

The Dutch steamer ARENDSKERK (7,906 tons), proceeding from Amsterdam to South Africa with a mixed cargo, was sunk 100 miles from Quessant by a torpedo fired from a submarine (U "44") after being stopped and searched.

The British steamer ATLANTIC SCOUT (4,575 tons) sank after running aground; the British steamer KILDALE (3,900 tons) struck a mine near Sunk lightship (and was severely damaged).

The French Navy Minister, Campinchi, revealed the following to a Havas representative on 13 Jan.: 239 merchant ships were checked by the French Navy, 622,000 tons of contraband were stopped and 260,000 tons were confiscated. 30 German submarines were destroyed, 10 (?) of these by French forces, that is, six by destroyers and patrol vessels, three by the SIROCCO, one by the ADROIT, one by the ADMIRAL MOUCHEZ and one by the COMMANDANT DU BOC.

Own Situation:

Atlantic: Unchanged.

North Sea:

Nothing special to report. Air reconnaissance and reconnaissance of lights had to be canceled because of the weather.

Baltic Sea:

Attacks on merchant shipping are being carried out by the PREUSSEN and the KOENIGIN LUISE.

Minesweeper "11" is carrying out clearing sweeps in the Sound in order to straighten the mine-free passage through the barrage. The ice situation in the Belts is unchanged, the Gedser Channel is for the greater part ice-free.

After calculating the work to be undertaken in the construction of a canal through the Falsterbo peninsula, it has been estimated that the work would probably take a year. This is assuming that the necessary dredging gear could be procured. It was also confirmed that considerable difficulties might arise from stony or rocky subsoil, and that, after completion, obstacles could arise from unforeseen currents.

Merchant Shipping:

On 31 Dec. 1939 there were 744 sea-going ships, totaling 2,558,663 BRT, in home waters, made up as follows:

Requisitioned by High Command Navy	108	ships totaling	455,031 BRT
on the eastward run	6	" "	42,307 BRT
on the Baltic ore run	55	" "	202,218 BRT
on the Norwegian ore run	47	" "	361,641 BRT
in German ports and on the general Baltic run	459	" "	912,429 BRT
laid up and under repair	69	" "	585,035 BRT
(including passenger ships)	(20)	" "	(378,395 BRT)
	744	" "	2,558,663 BRT

According to a report from the Naval Attache in Madrid on 4 Jan. there are increasing rumors concerning U.S. plans to equip Vigo as a European port of transshipment.

Evening Verbal communication from the Armed Forces High Command that the Fuehrer has decided that state of readiness for "Gelb" must be maintained. Five day period of notice as before. Decision reserved from day to day.

2200 The Operations Officer, Group West was informed (by telephone) concerning the alteration of the keyword serial number to 6315. The Staff Officer, Commanding Admiral, Submarines was advised to the same effect.

Naval Staff's reflections on the conduct of the Propaganda War:

The Naval Staff views the development of German propaganda since the commencement of the war with increasing anxiety. Leaving aside the effects of this propaganda in other fields, the Naval Staff has reached the conclusion that in the field of naval warfare, for which it is responsible, present German propaganda is not completely fulfilling its function as an auxiliary weapon to support strategic demands. Rather it is becoming increasingly independent and has reached a stage that must - if the war continues - act more and more as an aggravation to, if not as a direct danger to the conduct of the war.

The present propaganda is calculated to undermine confidence in the credibility of German war reporting. A new system of reporting and direction of propaganda appears to be urgently necessary in military interests. The following steps should be considered:

1. Instructions to the press, conveying regulations for the propaganda sections with regard to war reporting as a whole.

2. Stricter and more comprehensive control of the press and radio in all questions of war reporting.

3. Penalties for arbitrary disregard of instructions issued.

For particulars, see comments made by the Operations Division, Naval Staff on these questions in letter to the Commander in Chief, Navy (Naval Administrative Staff) dated 9 Jan. (War Diary, Part C, Vol. VIII).

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Items of Political Importance:

For explanation in the House of Commons on Hoare-Belisha's resignation, and Chamberlain's survey of the situation see Foreign Press Report.

For the Sino-Japanese situation see Political Review No. 13.

According to foreign radio reports, Great Britain - invoking her full belligerent rights - has not formally declined her consent to the creation of the neutral Pan-American zone, but has attached such severe conditions that this is in practice almost equivalent to a refusal. Great Britain demands a guarantee that the German Government will undertake to despatch no further warships to the neutral zone, and at the same time the Pan-American States are to guarantee that no German merchant ships shall participate in inter-American trade!

Conference on the Situation with the Chief, Naval Staff.

Special Items:

1. Fuehrer's decision (see letter Armed Forces High Command dated 15 Jan.): State of readiness for "Gelb" must be maintained in the immediate future. Five-day alert. Decision will be taken at any time.

2. Group West requested permission on 13 Jan. to occupy R (Rottum, Tr.N.). Observers should be taken prisoner at A-hours.

The Chief, Naval Staff has agreed to the improvised execution of these measures. No special preparations or provisions are, however, to be made, as if they become known, countermeasures can only be expected. We must allow for the possibility of a later execution of the operation, owing to the decision to make no preparations.

Group West has been informed accordingly by teletype.

3. Report by the Chief, Operations Branch, Operations Division on the Naval Staff's present plans regarding future warfare in the Atlantic.

a. The LUETZOW will probably be operational at the beginning of March, i.e. her dockyard period will be over, and training and firing exercised carried out.

Breakthrough into the Atlantic in suitable weather. Will operate against merchant shipping in the South Atlantic and Indian Ocean.

b. Auxiliary cruisers: Five auxiliary cruisers will be operational from 15 Feb. to 6 April. All are equipped for minelaying ("33" - 400 mines, "36" - 270, "15" - 60, "21" - 60, "10" - 60).

Operational areas: South Atlantic and Indian Ocean. (For more detailed data on the auxiliary cruisers and their cruising range see War Diary, Part B, Vol. V, 91).

c. Experiences gained from the "GRAF SPEE operations" (see also evaluation of the SPEE-operation in War Diary, Part C, Vol. I). The SPEE executed her task in the war against merchant shipping very well. The tonnage sunk in a 78-day period of operations was very good. She remained only a short time in nearly all the operational areas, she always turned away into another area after the first success. The operational area was always left before enemy defenses appeared on the spot. These tactics have stood the test extremely well.

This procedure was altered in the last operational area on the La Plata route; this high risk was probably run in full knowledge in order to gain further tangible success before commencing the homeward voyage.

Conclusions drawn from the action: Most unfavorable moment. Action enjoined in full knowledge of the situation.

The question of whether evasive action could still have been taken cannot be answered. From the point of view of future operations against merchant shipping, an attempt to evade the enemy would have been correct, so long as tactical conditions permitted the out-distancing and shaking-off of three cruisers. After battle contact had been established, however, the enemy should have been attacked with every weapon at the SPEE's disposal until the main enemy was beaten. The course of the action demonstrates the great difficulties and extraordinary risk incurred by a pocket battleship fighting out an action with 2-3 cruisers, since a few direct hits, unimportant in themselves but if unlucky can rob the pocket battleship of the power to make use of her main element i.e. the wide extent of the Atlantic. The strategic effects of the SPEE-operation are very considerable.

d. Conclusions drawn with regard to further operations against merchant shipping in extra-territorial waters:

The situation requires the immediate resumption of warfare in the Atlantic with every vessel at our command.

1. Pocket battleships:

The fundamental idea must be to threaten enemy sea communications in as widespread an area as possible. Great mobility. The task must lie more in disrupting enemy trade routes and in causing the enemy constant disquiet. The number of sinkings is not to be the standard of success, it is only the

means of attaining this disruption and disturbance. The tying-up of great numbers of enemy forces in order to bring relief to the home theater of war is the goal to be striven after. Actions against enemy warships are not compatible with the main task and are therefore to be enjoined only when unavoidable. Then, however, everything should be thrown into the fight. The operational area must be altered frequently. Operations against the British whaling fleet must unfortunately be abandoned this year, as forces will not - contrary to original expectations - be ready for operations in time.

No tactical cooperation between auxiliary cruiser and the pocket battleship, since the pronounced difference in the tactical attributes of these two types of ships only brings disadvantages. On the other hand, operational cooperation necessary under the control of the Naval Staff. - Allocation of suitable operational areas - Exploitation of the reciprocal effects of individual merchant raiders - Short signals as useful radio procedure between the Naval Staff and Atlantic forces, and also between the merchant raiders. The use of the pocket battleship for a long operation in the South Atlantic and Indian Ocean from the beginning of March to the end of August, from which may be expected a long-term threat to far-extended trade routes which the enemy finds difficult to protect, and considerable diversionary effect. Good chances of success - favorable opportunities for changing the operational areas.

II. Auxiliary cruisers:

Plans: Merchant raiders HSK "1" and "2" (Ships "36" and "16"): Indian Ocean.
Merchant raider HSK "3" (Ship "21"), with two submarines if possible, at the beginning of March: Canada.
Merchant raider HSK "5" (Ship "3"): Indian Ocean, Persian Gulf (minelaying).
Merchant raider "4" (Ship "10"): as the situation dictates, the South Atlantic or in addition the Indian Ocean.

Cooperation with two submarines as scouts and torpedo-carriers in the Halifax operation. Merchant raider will also be tanker and supply ship for the submarines (oiling near Greenland?).

It is expected that the submarine will prove an effective complement to the merchant raider. In order to gather experience it is at present proposed to use them for only limited operations. In so doing, the Naval Staff is well aware of the disadvantages arising from the fairly long absence of two boats from the European theater of operations. The success to be attained from the appearance of mines and torpedoes at distant trade junctions in the British Empire is, however, estimated as exceedingly high. The auxiliary cruisers' breakthrough into the Atlantic will be difficult because of the surveillance at present exercised at the approaches to the North Sea. Everything possible must therefore be done to support the breakthrough (Special Groups, planes, submarines). For psychological reasons special importance is attached to getting the first auxiliary cruiser safely through.

Special Reports on the Enemy:

Atlantic:

Great Britain:

Radio bearings placed some units west of the Hebrides and in the western approaches to the Channel. An anti-submarine hunt was started on the basis of a location of a German submarine.

The cruisers CUMBERLAND, DORSETSHIRE, and SHROPSHIRE will probably go into dock at Simonstown at the beginning of February.

The Intelligence Center, Spain reports the departure of a convoy today at 1400 from Gibraltar. Strength 34 ships escorted by two destroyers. The convoy, proceeding via a point 100 miles west of Gibraltar and 150 miles west of Cape St. Vincent is probably making northwards. The Flag Officer, Atlantic Fleet and French destroyers were also informed of the route, so that it may be assumed that the convoy will be relieved or reinforced by French forces.

In addition to the dangerous area near Bar lightship already reported on 11 Jan. off Liverpool, a further such area was announced within a radius of 3 miles around a point 53° 37' 30" N and 03° 29' 15" W.

France:

Radio monitoring reports convoy positions and patrol activity. The EMILE BERTIN, the DUGUAY TROUIN, the large destroyer EPERVIER and three more vessels, probably submarines, are at sea in the Casablanca - Canary Islands area. One cruiser of the Mediterranean Fleet is proceeding from Casablanca to Dakar.

North Sea:

Since Germany announced the sinking of two British submarines, the British Admiralty admits the loss of the submarines UNDINE, STARFISH and SEAHORSE. All three are supposed to have been entrusted with specially dangerous missions. It can be concluded from this that the SEAHORSE was also operating in the Heligoland Bight and that this is one of the sinkings reported as very probable by the Commanding Admiral, Defenses Baltic.

The cruiser AURORA, which has not been heard of since the air attack on 25 Nov. reappeared in radio traffic for the first time on 15 Jan.

According to radio monitoring a light French vessel obviously struck a mine in the southern part of the North Sea.

Shipping Losses:

A large tanker struck a mine and sank two miles off Horlstone Point (south coast of the Bristol Channel). The British steamer STANLAKE (1,700 tons) ran aground off Sunderland.

Own Situation:

Atlantic:)
) Nothing to report.
North Sea:)

Baltic Sea:

Operations against merchant shipping by the HANSESTADT DANZIG and the KOENIGIN LUISE.

Violent easterly storm prevented patrol and control service. No air operations. Pilot service in the Sound and minefield patrols in the Great Belt and Gedser had to be withdrawn.

Russo-Finnish conflict:

According to a radio monitoring report of 14 Jan. Russian forces were informed in a secret directive that a larger area off Baltic Port than had previously been closed to shipping, was going to be mined.

Submarine Situation:

Atlantic:

In the operational area: Submarine U "44" is 200 miles southwest of Quessant and reports: "Am proceeding southwards. Three steamers sunk. The ARENDSKERK because of an attempt to escape, use of radio, contraband. Convoy not picked up. Anti-submarine and air patrol. Weather favorable. Heavy neutral traffic, mostly Italian."

On passage: Submarine U "34" west of the Orkneys.
Submarine U "25" west of the Shetlands.

On return passage: Submarine U "30" Route "Blau".

North Sea:

In the operational area: Submarines U "15", U "60". Boats have received orders that their assignments according to operational orders ("Gelb") are canceled.
Submarine U "15" is to use her torpedoes.
Submarine U "60" is to operate in the area between the Maas lightship and Nordhinder lightship.

On passage: Submarines U "59", "61", "22":
Submarine U "59" at Cross Sand, submarine U "61", in a position north of the British declared area, is proceeding to the eastern edge of the declared area to observe traffic, submarine U "22" off the Pentland Firth.

Entered port: Submarine U "20" (for short report see Part B, Vol.IV). Boat reports 3 shots at a 2,000 ton steamer without result; probably failures due to non-firing. One 3,000 ton steamer sunk east of North Head.

Merchant Shipping:

Losses:

The steamer JANUS was scuttled by her crew after being stopped by French naval forces. (Steamer left Vigo on 13 Jan.)

Enemy Commerce:

According to a report from a captain, a British naval captain is said to have an office in the Consulate General in Bergen; he controls convoys along the Norwegian coast. A steamer occasionally chartered by this officer is used to transfer the pilots.

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Items of Political Importance:

The German Government has made a tentative offer to Soviet Russia to act as mediator in the Russo-Finnish conflict. The Russian Government, however, is resolved to continue the struggle.

The British reply to the Pan-American protest concerning violation of the safety zone is regarded as unsatisfactory in the U.S.A. Internment of German merchant ships is considered impracticable.

The tension has slackened a little in Holland and Belgium; the necessity for maintaining the increased state of alarm is emphasized, however.

Intelligence reports from America indicate that the U.S. Military Headquarters is giving more and more attention to the cooperation of the 21 American States in military policy. In general, the United States are trying to use the powerful position which they have gained as the result of the European conflict to develop their Pan-American position.

Special Reports on the Enemy:

Atlantic:

Great Britain:

After two ships were lost off Liverpool through striking mines, two areas off Liverpool, each with a diameter of 3 miles, were already announced as suspect of mines; The British Admiralty finds itself forced, as a result of further losses, to close the port of Liverpool completely for the first time as a temporary measure on the evening of 17 Jan. and to forbid shipping to proceed east of 3° 35' W. The mines so well laid by submarine U "30" have therefore had especially far-reaching effects.

Movements of forces:

The Commander of the British Naval Forces off the east coast of Canada, who arrived in Liverpool on 30 Dec. in the REVENGE with the second contingent of Canadian troops, is at present returning to Canada with the ROYAL SOVEREIGN.

The EMERALD, which was on escort duty to the west of the Channel on 10 Jan. has reappeared in the Canadian area.

In the home area, radio monitoring detected various vessels at sea west of the Shetlands, Hebrides and North Channel.

South Atlantic:

Intelligence reports from America state that the cruiser EXETER has been beached in Port Stanley, since she can no longer operate in the naval war as a result of the severe damage she sustained. She is to be used as a floating battery as part of Falkland Islands' defenses.

The report sounds credible.

The AJAX, with the Senior Officer of the South America Division, left Freetown on 17 Jan., probably homeward bound.

Mediterranean:

The GLORIOUS put out from Alexandria on 15 Jan. escorted by two destroyers.

France:

Disposition of forces: Battleships and the old battleship PARIS in Brest. Destroyers and large destroyers were detected on patrol along the coasts of Spain and Northwest Africa. The cruiser DUPLEIX and one submarine are at sea in the Dakar area. Submarines in the Azores-Canary Islands area are being relieved. Various convoy movements were intercepted.

North Sea:

The cruisers NORFOLK and CURLEW are at sea in the Rosyth area with a few destroyers, probably as escort for a convoy to Norway. Radio traffic in the North Sea area kept within the normal limits, but frequently bore indications of priority. Submarines were reported in the eastern Channel and vessels were sent out on submarine hunt (none of our own boats).

It is now established that one of the vessels in the French 5th Destroyer Flotilla, which was carrying out a submarine hunt in the south part of the North Sea, struck a mine at 2226 on 16 Jan.

Shipping Losses:

West coast: The British steamer CAIRN ROSS (5,499 tons) sank near Bar lightship after striking a mine.

The British steamer GRAZIA (5,642 tons) was severely damaged by a mine explosion one hour after putting out from an Irish Sea port.

The crew was rescued. The ship was beached at first, and was refloated later. The Belgian steamer JOSEPHINE CHARLOTTE (3,422 tons) sank after striking a mine off the southwest coast of England.

East coast: The French steamer NOTRE DAMES DES DUNES (500 tons) sent an SOS from the south part of the North Sea (Hoofden).

Own Situation:

Atlantic:

No reports from the ALTMARK, whose position is now assumed to be in the North Atlantic.

According to discoveries made by the radio monitoring service and decoding service, the radio monitoring control station considers that the battleship NELSON, which was reported to be in Great Britain by agents and prisoners of war, was probably damaged by a mine on approximately 15 Dec. The NELSON was observed at sea off the Shetlands on 30 Nov., was then in Port "A" (probably "Loch Ewe"); next observed at sea on 13 Dec. without the Commander in Chief Home Fleet, and transmitted a radio message on 15 Dec. in which a mine was mentioned. On 7 Jan. the NELSON was lying in Portsmouth dockyard. The ship may have undergone temporary repairs at Liverpool in the meanwhile.

North Sea:

The operation under the Commander, 4th Destroyer Flotilla against the southeast coast of England (area near Cromer) commenced according to plan, but had to be broken off because of the weather. On the return voyage 30 type EMC mines with pins fell overboard north of the eastern tip of Terschelling. One of the mines exploded. The mines lie in grid squares 8316 and 8324. The failure of the operation is especially regrettable, since it must now be postponed for the present because of increasing moonlight, and other assignments.

In his order for an exploratory sweep west of the declared area by the 6th Torpedoboat Flotilla (Commanding Admiral, Naval Forces, West Gkdos. 55 A I dated 7 Jan.), the Commanding Admiral, Naval Forces, West sanctioned the bringing in of prizes through the declared area. The Naval Staff considers this step incorrect and has issued the following instructions to the Commanding Admiral, Naval Forces, West and to Group West and the Commanding Admiral, Defenses North: "Under no circumstances are prizes to be brought in through the declared area. The very fact that the delcared area is being traversed - which certainly

cannot be kept secret from the crews of the steamers - lessens the effectiveness of the minefield."

Baltic Sea:

Ice Situation:

The ice situation in the Belts, off Gedser and in the Sound has again worsened. The Danes have withdrawn some of the minefield markers and lightships in the Belts. Pilotage is carried out by day as far as possible. There is thick floe ice in the Great Belt as far as Revsnaes. The German northern pilot station cannot be maintained in the Great Belt because of pack ice. There is a light, but solid covering of ice in the Sound, and the southern entrance is frozen except for a narrow channel; steamers have, however not yet been held up. Heavy traffic still proceeding through the Kogrund Channel.

Operations against merchant shipping in the eastern Baltic Sea are being carried out by minelayers.

Air reconnaissance severely restricted.

Submarine Situation:

Atlantic:

Submarine U "44" west of the Bay of Biscay. The boat has been informed of convoy movements. Bearings were obtained on the boat by French direction-finding stations during the transmission of her radio message on 16 Jan. The position located, however, was about 70 miles out.

Proceeding to the operational area:
Submarine U "34" northwest of the Hebrides
Submarine U "25" west of the Shetlands.

Sailed: Submarines U "55" and U "31".

Operational orders for submarine U "55" (also for U "37", U "41", and U "51") see BDU Gkdos. 59 O-Befehl Atlantic No. 21:

Task: Operate in the maritime area south of Ireland to west of Portugal, according to the Commanding Admiral, Submarines' Standing Orders No. 101-171. Exploit any opportunity to attack which may offer itself while outward and homeward bound as well as in the operational area. Delays arising for this reason en route must be taken into account: Endeavour to cooperate with other submarines. Operational area for submarine U "55" - BE 30 (southwest of Ireland) (Operational areas for the other boats in accordance with operational order).

Assignment for submarine U "31": Minelaying operation in Loch Ewe.

Entered port: Submarine U "30".

North Sea:

In the operational area: Submarines U "32", U "15", U "60".
West of the declared area: Submarines U "59", U "61".
Proceeding to the Orkneys area: Submarine U "22".
Sailed: Submarines U "9" and U "57".

Special Items from Submarine Warfare against Merchant Shipping:

Great stress is being laid on the sinking of the Dutch motor vessel ARENDSKERK in Holland, and it is said to have made a very strong impression in Rotterdam shipping circles. The sinking has been judged as the prelude to further intensification of German naval warfare and the fear is expressed that Germany wishes to cut the supply of goods from Holland and Belgium to allied countries entirely. The ARENDSKERK shipping company is said to have suspended activities, affecting 25 ships for the present.

Merchant Shipping:

A survey of German merchant ships still lying in neutral ports gives the following picture:

In neutral ports: 235 ships - 27.7 %
which includes those chained up - 24 ships
and also those not considered able
to return home:

a. because of the unfavorable position of the bases (Mediterranean, Black Sea, Red Sea, Persian Gulf) 73 ships & 5 without radio

b. scheduled for special missions: 41 ships.

There are therefore 92 ships at present whose return to Germany is still pending.

The following special task was assigned to the Commander, Naval Air, West (Brigadier General Coeler) while retaining his present office, in an order from the Commander in Chief, Air Force dated end of December 1939:

"Promotion and further development of aerial mining"

In this special province the Commander, Naval Air, West is placed directly under the Commander in Chief, Air Force, to make suggestions with regard to the further development of the apparatus as well as the training of the specialized personnel, and in so doing work in direct conjunction with the offices of the German Air Force General Staff concerned. Within the scope of this special assignment, the Commander, Naval Air, West has under his command;

1. 7th Squadron, 26th Bomber Wing
2. one squadron of 1st Group, 30th Bomber Wing
3. later, after formation, 1st Squadron, 40th Bomber Wing.

(At present as experimental and training formations, at the same time to clear up undecided questions with regard to aerial mine warfare.)

A course for aerial minelaying personnel is being arranged at the German Air Force Ordnance School (Naval Air) at Dievenow. Three minelaying bomber wings are to be formed later.

The Naval Staff welcomes the concentration of training of the aerial minelaying units under the Commander, Naval Air, West whose main tasks - sea reconnaissance, occasional bombing of naval targets, aerial mine warfare against short-range targets, and operations against merchant shipping - must remain unaffected by the assumption of the new duty, and be ensured by suitable arrangements.

The Air Force General attached to Commander in Chief, Navy considers that no weakening of the naval air formations in favor of the aerial minelaying formations is to be expected. Effects on personnel are at present slight, so that no detrimental effects of any consequence to the personnel situation are to be feared.

Naval Group Command, West, too, welcomes the fact that the Commander, Naval Air, West has been entrusted with the formation and training of the minelaying squadrons because of his experience, and considers this command the best guarantee that these formations will operate in close conjunction with Group West and will participate in other naval operations.

Three commands will have to cooperate in the future conduct of air operations against Great Britain:

Commander Naval Air, West: Sea reconnaissance and occasional bombing of naval targets, attacks on merchant shipping, aerial mine warfare against short-range targets.

Xth Air Corps: Bombing of naval forces at sea and in port, also harbor installations; attacks on merchant shipping.

Minelaying Air Corps: Aerial mine warfare along the entire coast of Great Britain and in her harbors.

Group West in so doing draws special attention to the fact that mine warfare by air and surface forces is one and the same and that minelaying operations by naval forces must be kept up continuously and carefully synchronized. Group West considers the appointment of a General, Air Force to Group West as the representative of the Commander in Chief, Air Force a serviceable solution to the question of close cooperation; he will direct the operations of the Xth Air Corps and Aerial Minelaying Corps on behalf of the Commander in Chief, Air Force after adjusting them to the requirements of naval warfare by issuing operational instructions.

Re-organization of the Staff of the Commander, Naval Air has already commenced, with a view to such an organization. The Commander, Naval Air's former Chief of Staff, Colonel Czech, takes over the minelaying formations. Lieut.Col. Geisse will take over the duties of the latter. The Naval Staff considers that it is quite a feasible proposition to carry out the organization as suggested by Group West.

With regard to operations by aerial minelaying formations, Naval Group Command West takes the view - in fundamental agreement with Naval Staff - that mine-warfare carried out by air forces off the more distant coasts of England, especially on the west and southwest coasts should not be commenced until it can be done suddenly, simultaneously and on a large scale, since by this means the greatest - and in conjunction with the other means of naval warfare perhaps even decisive - effect, can be attained.

In the Group's opinion, aerial minelaying operations should be limited to the area formerly considered, perhaps extended to the east coast from Dover to Newcastle, until the planes and aerial mines necessary for the large-scale operation are ready. (For Group's letter on aerial minelaying operations see War Diary, Part C, Vol. VI, Mine Warfare.)

It is not yet possible to give a final verdict on the question of whether it was correct to use the aerial mine for the first time as early as November 1939 i.e. at a moment when a sufficiently large number of mines and mine carrying planes was not yet available. The fact remains that the aerial mine was used on the southeast coast of England and that its existence thereby became known to the enemy. Patrol flights and defensive patrols, attacks on our airfields, preparation of fighter formations, and erection of numerous balloon barrages on the east coast clearly show that the enemy is conscious of the danger threatening him and has resolved on large-scale counter measures. Naval Staff, in agreement with Group West, considers that since the dropping of mines from planes on the east coast has been begun and detected by the enemy, we should now continue this with all the means at our disposal, following up our former objective in the conduct of offensive mine warfare in the North Sea, namely that of making the east coast of England and its ports impassable until any merchant traffic is completely suspended.

Conditions on the west coast of England are different. Although the enemy must also be expecting the dropping of mines from planes in this area, he will in all probability - in the endeavour to protect the east coast ports which are particularly endangered and at the same time to protect the interior from air raids - first build up his main line of defense on the east coast with fighters, searchlights, anti-aircraft batteries and balloon barrages. He will not set to work on the effective defense of the west coast until the east has been protected, possibly not even until the western ports are actually threatened with attacks by aerial mines.

Under these circumstances it seems best to leave the aerial mining of the west coast and its important ports and bays until a moment when the stock of mines and the number of suitable mine-carrying planes will enable the execution of a large-scale minelaying offensive or continuous minelaying operations on the enemy west coast.

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Conference on the Situation with the Chief, Naval Staff

Special Items:

1. The following directive was issued by the Armed Forces High Command in an order dated 17 Jan., canceling the former orders regarding intensified operations against merchant shipping: The Navy, i.e. submarines, are permitted, with immediate effect, to sink all ships without warning in the sea areas off the enemy coasts, in cases where it is possible to attribute the sinking to mines.

In these cases the procedure and action taken by the submarines must be compatible with the fact that the sinking is to be claimed as the result of a mine. Ships of the U.S.A., Italy, Japan, and Russia are exempt from these attacks (marginal note: Sweden).

As long as the German-Danish treaty regarding the export of Danish foodstuffs to Britain (Maltese Cross Treaty) remains in force, Danish ships marked with the Maltese cross are also to be exempt from the above-mentioned attacks on the voyage to and from England.

Attacks on enemy exports, as reprisal for the British Order in Council will be sanctioned as soon as the law prepared has been passed and released for publication by the Fuehrer.

The instructions issued in OKW/WFA 22249/39 Gkdos. Chefs. dated 30 Dec. 1939, regarding permission to sink Greek ships without warning are amplified to the effect that the attack must be made undetected. It must be possible to deny the sinkings of these steamers when the expected protests are made.

When warfare is intensified the Air Force is at liberty to attack, among other targets, especially the troop transports from England to France, Belgium or Holland including the ports of embarkation and disembarkation. Attention is, however, expressly drawn to the fact that it does not lie in the interests of the war as a whole to let loose an all-out air war on Great Britain on our own initiative before we have created a favorable base for operations and strong forces suitable for operation against Great Britain are available.

The orders for the Navy contained in this directive now afford far-reaching opportunities for the Naval Staff to conduct effective operations against merchant shipping in the waters off the enemy coasts, though the necessity of sparing benevolent neutrals certainly still remains in force. Submarines were formerly at liberty to attack without warning in the area in and off the Bristol Channel and in the area off the northeast coast of Scotland from the Firth of Forth to the Shetlands. In an endeavor to make the intensification of warfare against merchant shipping gradual, corresponding to the forces available and opportunities for attacks, the Naval Staff at present plans the following extension of former measures.

1. Extension eastwards of the area off the northeast coast of Scotland in which unrestricted offensive action is permitted.

2. Extension to the 200 m line of the permitted area in the Bristol Channel.

3. Liberty to attack without warning in the northern approaches to the English Channel, with the exception of an area along the Dutch-Belgian coast.

The pretense of hits on mines must be maintained i.e. the boats must remain unseen, using electric torpedoes, and may fire without warning only in areas in which the sinkings can be attributed to mines.

The maintenance of this pretense has, regrettably, been made very much more difficult lately by the more frequent occurence of torpedo failures. Speedy elimination of the deficiencies still inherent in the magnetic pistol is an urgent strategic and political necessity and Professor Cornelius, who has been commissioned with further development of the torpedo, is giving his entire attention to this matter. A successful outcome is expected shortly.

A blockade of the English Channel to the west, by means of submarine attacking without warning in the western approaches to the Channel, is out of the question until the Dutch-Belgian question is settled, because of the neutral traffic proceeding to Belgium and Holland.

If German warfare against merchant shipping is further intensified, in the Naval Staff's opinion forbearance must still, for important political reasons (not in accordance with the Naval Staff's own wishes), be shown towards the benevolent neutral states of Italy, Russia, Japan and America - and also towards Ireland in the waters around Ireland - even after a general intensification of warfare has commenced.

The directive issued since the beginning of the war concerning operations against merchant shipping are collected in the Appendix to the War Diary, Part B, Vol. V, Page 92.

The Chief of Operations Branch, Operations Division reported on the Fuehrer's directive of 17 Jan., concerning the reinforcement of the numerical strength of the Army by the formation of 10 new divisions using every source available. The Navy and the Air Force have to support the new formations by handing over trained younger men (officers, non-commissioned officers and men from coastal defenses, anti-aircraft artillery etc.), insofar as the Army requires extra personnel from the other services.

For the present the Naval Staff does not anticipate that the Army will make any special demands which will seriously affect Navy personnel. Since, however in the Fuehrer's new directive there is clear concentration on the importance of the Army, the Naval Staff foresees considerable difficulties in providing for and reinforcing the Navy's material needs.

In the directive, the Air Force is assigned, among other things, this task: Fitting up and equipment of bombers as minecarriers, and injunctions to force ahead the mine production program.

3. The Armed Forces High Command informed us verbally that in connection with the state of readiness for operation "Gelb" the Fuehrer has decided to alter the previous long alerts to very short ones e.g. alerts of approximately 18 hours, so as to utilize favorable weather quickly and to maintain the element of surprise.

In its support of Army operations this would affect the Navy as follows:

a. Submarines no longer on constant alert, but provision for operation "Gelb" within the range of normal submarine activity,

b. Operation "L" as before,

c. Operation "M" by surface forces must be limited to specially urgent assignments. A few destroyers only will remain at 24-hours' notice. The Naval Staff is contemplating further possible changes since the issue of the new orders.

Items of Political Importance

1. The tension in Belgium has slackened considerably. Military preparations are going ahead methodically. The evacuation of certain areas continues. The Government at present shows no signs of giving up its policy of neutrality in favor of Anglo-French aid. The state of siege has been extended to new areas in amplification of previous orders by a Dutch royal decree.

2. According to intelligence reports from France, French circles expect the German offensive against Belgium to commence on 20 Jan. (!)

3. The Swedish Prime Minister declared in Parliament the Government's determination to maintain strict neutrality. Belligerents would not be permitted to transport war material through Swedish territory. No military bases would be ceded to foreign powers.

4. For Great Britain's attitude to Norway (according to a Foreign Office report) see Political Review No. 15.

British propaganda in Norway is being intensified at considerable expense. There is, however no impression that Great Britain plans to take action against Norway in the immediate future. The Finnish conflict is working out in favor of Great Britain's ultimate plans. The Norwegian people would offer no resistance to a British occupation of their ports. On the other hand considerable opposition is to be expected from the Government. No more sympathy for Germany in Scandinavia after the Finnish affair. Denmark alone is really neutral.

5. Pan-American neutrality congress in Rio de Janeiro. The question of how to keep the war away from America is indicated as the main purpose of the conference.

The Naval Attaché in Estonia (Lieut.Cdr. Cellarius) has given a survey of the situation in Estonia and Latvia and the state of the Russo-Finnish conflict. No Russian successes to date. Heavy Russian losses, sometimes of catastrophic proportions ! The Finns are using very skilful strategy against Russian supplies. Russia is at present not capable of more extensive action because of the great difficulties she is facing. No indications of a political or military extension of Russian positions in Estonia and Latvia.

Verdict on Russian Navy: much activity, but no kind of operational or tactical training or exercises. No gunnery training noticed. Crews seamanlike, but hardly military, very unassuming, on an average respectable, severely disciplined. The officers indifferent, lacking interest, socially impossible.

System of command unsatisfactory. The Navy is not in a position to carry out large tactical operations of any kind. No contact at all between Estonians and Russian military. Both sides have definite orders not to fraternize. The Naval Attaché does not believe that, in the long run, relations can remain as they are at present. It is possible that the Estonians are - while the Russians are contending with serious difficulties - endeavouring to regain complete independence, over-estimating their strength.

Special Reports on the Enemy:
Atlantic:

Great Britain:

The ban on shipping entering Liverpool as a result of the mines laid by submarine U "30" was lifted again at 1000 on 18 Jan. in a radio announcement. Neutral shipping is instructed to steer for Morecambe Bay lightship and then to keep as close to the coast as the safety of shipping permits.

A reliable agent learned from conversations with Dutch ships' officers that Great Britain intends to equip the large Atlantic steamers and steamers on the Australian route with underwater torpedo tubes. This measure is said to be directed against German surface raiders. According to a report from the Consulate, seven steamers loaded with troops, escorted by the RAMILIES and the CANBERRA left Wellington and Sidney during the night of 5 Jan. for Europe. This is the first contingent of New Zealand troops, 6,000 strong.

According to an agent's report the War Department in Washington is said to have made the proposal to the British Government in November 39, that if the United States takes an active part in the war the Bermudas should be placed at the disposal of the American Navy and Air Force as a base. British permission is said to have been given on 8 Dec. 39.

France:

According to radio monitoring about five different French convoys escorted by cruisers (including the MONTCALM) and destroyers are in the Bay of Biscay and west of the Spanish coast.

The radio picture otherwise shows normal patrol activity.

North Sea:

A new declared area with a radius of 1 1/2 miles was announced in the area off North Foreland. Otherwise nothing to report.

Shipping Losses:

The Greek steamer ASTERIA (3,300 tons) southeast coast, (mine); the Norwegian steamer ENID (1,200 tons) north coast of Scotland, (submarine); the Norwegian steamer FAGERSHEIM (1,590 tons) Bay of Biscay, (submarine).

For disposition of forces and activity of main enemy units during the second week of January, see Radio Monitoring Report 2/40.

Special Items:

Great Britain:

1. The overhauling of ships, which has become necessary after the severe strain put on them during the past months, is being carried out on an increasing scale. This is causing a temporary weakening of the operational strength of

a part of the British Fleet. This is being compensated for by the greatest possible submarine activity. Surface forces' activity is limited almost exclusively to escort duty and patrolling.

2. Anti-submarine defenses, patrolling and escort services concentrated on the west coast as the vital import area of the enemy. Only gunboats and destroyers on the east coast.

3. Three battleships (the ROYAL SOVEREIGN, the MALAYA, the RESOLUTION) operating as protection on the Canadian side of the North Atlantic route.

4. Additional discovery that "Force X" in the South Atlantic was composed of the aircraft carrier HERMES and the battleship VALIANT. (The presence of the VALIANT with this force was not hitherto known.)

It has returned to Portsmouth.

5. Withdrawal of destroyers from the Gibraltar patrol, for which trawlers and armed yachts have been substituted.

France:

6. Lively activity and reinforcement of Channel forces.

7. Numerous unfounded warnings of submarines, and submarine chases in the east part of the Channel area.

8. Reinforced surveillance of merchant shipping off Vigo by armed trawlers and destroyers continues.

Own Situation:

Atlantic:

Nothing to report.

North Sea:

Nothing to report. Unsuccessful submarine chase by planes in our anti-submarine area.

Baltic Sea:

Ice situation becoming worse. The northern part of the Sound is thickly frozen over, shipping has stopped. Severe ice hindrance in the Great Belt, Little Belt unchanged. Thick pack-ice in the Gedser

Channel, severe hindrance. Several trawlers and freighters fast in the ice.

The SCHLESWIG HOLSTEIN has been requested to assist in ice-breaking.

An area 2 ½ miles across on the southwestern flank of the minefield "Undine 2" in the Sound has been cleared to date towards the straightening of the gap in the minefield.

Submarine Situation:

Atlantic:

In the operational area:

Submarine U "44" off the west coast of Spain. The boat apparently sank the Norwegian steamer FAGERHEIM (1,590 tons) from a convoy (?) in the Bay of Biscay. (Ship broke in two and sank within two minutes).

Outward bound:

Submarine U "34" west of the Hebrides
" U "25" northwest of the Hebrides
" U "55" central North Sea
" U "31" central North Sea
" U "51" put to sea.

Operational assignment:

Submarine U "51" same as U "55" (see 17 Jan.).

Operational area:

Grid square BF 10 in the western approaches to the Channel as far as 11°30' West.

North Sea:

In the operational area:

Submarines U "15" and U "32" are commencing the return passage.
Submarine U "59" making for Cross Sand with torpedoes.

Submarine U "61"
" U "22"
" U "9" northeast coast of Scotland.
" U "60"

Outward bound:

Submarine U "57" with mines to the Moray (Cromarty) Firth
" U "18" with torpedoes to the Pentland Firth area
" U "23" with torpedoes to the Shetlands
" U "19" with torpedoes to the Firth of Forth.

Merchant Shipping:

On 16 Jan. the Ministry of Transportation wired to the Consulate General at Batavia: "When the seizure is lifted, it is planned to send all ships, if not subordinate to the High Command, Navy, east of the Philippines to Japan. All ships are to put out from the different ports at the same time if possible."

On 16 Jan. the Ministry of Transportation instructed the Embassies in Panama, Bogota, Caracas, and Mexico to prepare ships in Colombia, Venezuela, Curacao, Aruba, Mexico, and Costa Rica to put to sea, either homewards through the Atlantic Ocean or to Japan through the Panama Canal. This is to be carried out about February. Roughly 19 ships are affected.

Because of losses as the result of mines north of Terschelling-Ameland, ships bound for Holland were instructed to keep close to Ameland. The steamer AUGUST THYSSEN (2,243 BRT) struck a mine and sank one mile north-northeast of Understen Light in Soedra Kvarken Strait. Although a pilot cutter was at the gap in the minefield, no pilot was requested, and the ship proceeded east, instead of west of Understen Light as prescribed, outside the official gap in the minefield. The crew was picked up by a Swedish naval vessel.

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Conference on the Situation with the Chief, Naval Staff.

Special Items:

1. Feelers put out by the Naval Attaché in Moscow on the subject of the Northeast Passage and conferences to date with Russian authorities show the Russians' readiness to meet us halfway. There will probably be no difficulties of a political nature, but they may be expected in practical execution.

2. The Foreign Office has declined the proposal made to it by the Naval Staff that ships of the benevolent neutrals, particularly Italy, should be clearly warned against the voyage to Great Britain once more. Also, no answer will be made to the Italians regarding our refusal to name a safe English port and a minefree approach route as desired, since at present the Foreign Minister considers that no useful purpose would be served by further discussions on the subject, and in order to maintain complete freedom of action.
The Foreign Office considers the risk of sinking Italian or other neutral ships on isolated occasions must be taken.

3. The Spanish Cabinet has agreed to the plan to construct submarines to German plans in Spanish dockyards, delivering every second boat to Germany.

4. For a review of minelaying operations to date and the target set for further operations, see War Diary, Part C, Vol. VI.

Conference with the Commander in Chief, Navy, on the subject of the Italian request to the German Navy for war equipment, blue prints etc.

Principles:

1. Nothing of great military importance to be handed over.

2. No delivery of equipment which could be used against us in this war if passed on to our enemies, or knowledge of which could prove of advantage to the enemy's conduct of the war.

3. Large-scale cooperation is, however, desirable.

a. in order to awake and maintain in the Italians the feeling of future brotherhood in arms;

b. in order to support those Italian circles, which are resolved to enter into the closest relations with Germany;

c. in order to gain, by a display of cooperation on our part, the Italians' consent to German requirements (e.g. handing over of submarines).

For some time past the following Italian requirements have been under consideration by the German Navy.

1. Request for 12 torpedoes, later reduced to two.

2. Data concerning warhead pistols.

3. Request for a submarine fire control system. (This has meanwhile - independently of the other items - again been specially requested.)

The following were offered in return:

a. an explosive net barrage with automatic mooring,
b. the latest Italian torpedo,
c. towed mine,
d. submarine mine.

4. Data concerning wartime submarine construction, eventual exchange of plans (Italian type 555 tons 15 knots).
788 8

5. Data on the weight groups and synchronized couplings of the new BISMARCK battleships.

6. Continued exchange of information on new construction according to the Naval Treaties.

Requests 1. to 4. were to be refused on the basis of an earlier decision; no decision had been taken on 5. and 6. No answer has been given yet. In accordance with instructions the matter has so far been treated in a dilatory fashion.

Thorough investigation indicates that, in view of renewed inquiries by the Italian Naval Attaché and also reports from our Naval Attaché in Rome, an alteration in our previous uncooperative attitude in a favorable sense is necessary. The Naval Staff has decided to reply to the Italian requests as follows, after conferences with the Chiefs, Naval Ordnance Division, Naval (Ship) Construction Division, and Service Division, Naval Staff as well as the Naval Attaché.

Re 1. electric torpedoes: yes, two as samples;
re 2. warhead pistols: no;
re 3. submarine fire control system -
Plans: yes, but no assembly sketches and plans.
System: no, not available because of our own requirements.
Items offered in return for 1. - 3. not accepted.

re 4. Submarine construction plans; information that former types are still being built in as short a time as possible. If plans are then requested, those of the German 500 ton type may be placed at their disposal.

re 5. Yes. No objections, since up to the outbreak of war exhaustive data had already been exchanged.

re 6. Yes, but with limitations.

The matter will be brought to the Fuehrer's notice when the Commander in Chief, Navy makes his report. It is intended to transmit the data to the Italians and in so doing to emphasize particularly that Germany expectes cooperation in the matter of the purchase of submarines, supplies for submarines etc.

Special Reports on the Enemy:

Atlantic:

Great Britain:

Nothing to report.

France:

Radio monitoring detected various convoy movements. Chase for alleged German submarine in the eastern Channel. - Patrol forces are watching for neutral steamers putting out from ports in western Spain, as German merchantmen are suspected to be among them. Shipments of colored troops from Indo-China to France.

North Sea:

Scheveningen Radio reports a dangerous area off Nord Hinder.

According to a reliable agent's report, British warships are said to have docked for repairs at Liverpool. The docks are surrounded with freighters in order to render spying impossible. The names of the repair ships have been removed from the crews' cap bands and replaced by "Royal Navy" with no ship's name.

Shipping Losses:

The Greek steamer NICOLAV ZOGRAFIA (7,000 tons) severely damaged in a "collision" off the Scottish coast; the Japanese steamer TAJIMA (7,000 tons) beached in the Thames. The British steamer EFFRA (1,500 tons) in a "collision" off Outer Dowsing. The Norwegian steamer NOTOS (2,713 tons) sent an SOS from a position west of the Hebrides. The British steamer BIAFRA (5,400 tons) and the LACKENBY (5,112 tons) collided off Liverpool. The DUCHESS OF YORK (20,000 tons) of the Canadian Pacific Line was severely damaged when she ran aground on a sandbank off the Scottish coast.

Own Situation:

Atlantic:)
) Nothing to report.
North Sea:)

According to a report from Group West, the third British submarine, the SEAHORSE, was probably destroyed by Mine Exploding Vessel "5" on 29 Dec. as was suspected at the time. She saw a periscope southeast of Heligoland and, after altering course several times, rammed an obstruction under the surface with her extended bowspar so that the bowspar broke off. A heavy patch of oil was observed.

Baltic Sea:

Ice situation becoming increasingly worse. Heavy drift ice in the western Baltic Sea as far as the Gedser Channel. No shipping in the Great Belt up to a line from Nyborg to Korsoer. The Kattegat ice free, the Sound completely frozen between Helsingoer and Helsingborg. Numerous ships are stuck fast in the ice, some went aground during a northeasterly gale. The patrol vessel HUGIN is stuck in the ice in the Great Belt.

Submarine Situation:

Atlantic: Unchanged.

North Sea:

In the operational area:	submarine U "59".
On passage:	submarines U "61", "22", "57", "23", "19", "18".
On return passage:	submarines U "60", "9", "15".
Entered port:	submarine U "32".

Merchant Shipping:

The steamer RIO DE JANEIRO (5,261 tons) returned home from overseas (Vigo) via Narvik.

The continued freezing of the entrances to the Baltic Sea and of the Baltic Sea itself has caused the diversion of shipping on the Norwegian run to the North Sea. The Consul at Haugesund has been instructed accordingly.

Homeward bound German ships are to leave Norwegian territorial waters east of Lindesnes and steer for Danish territorial waters around Hanstholm; they are then to proceed in Danish territorial waters as far as Nordmanns Deep and through this deep to position 55° N, 8° 17' E (off Sylt).

During the trade negotiations recently concluded in Stockholm the Swedes agreed to transport up to 200,000 tons of coal and coke from Rotterdam in their own ships in the immediate future. This arrangement benefits Germany considerably, since, as the result of transport difficulties, a sufficient quantity of coal cannot be exported to Sweden via German ports. Care must therefore be taken that Swedish ships proceeding to Rotterdam in ballast, in order to load coal for Sweden, are permitted to continue their voyage with the least possible loss of time when brought in or inspected by our naval forces.

Economic Warfare:

The sinking of the Dutch steamer ARENSKERK is still causing much comment in Holland. It is suspected that the illegal extension of the list of things which may be classed as contraband now being applied by Germany is in reality a reprisal measure for the illegal blockade of German exports. In the Press the fear is expressed that economic warfare will be further intensified.

Teletype received from Group West to the Naval Staff and Commanding Admiral, Naval Forces, West:

Commanding Admiral, Naval Forces, West is hereby directed to carry out the following operations before 30 Jan. if possible and weather permitting:

1. A destroyer flotilla to carry out operations against merchant shipping off the southwest coast of Norway and in the Skagerrak. The X Air Corps will probably provide air reconnaissance.

2. A destroyer flotilla operation against position "Y" (submarine) west of the declared area and against suspected enemy patrol vessels west of the declared area.

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Items of Political Importance

For the latest information on the Russo-Finnish conflict, and the speech made by Halifax, the British Foreign Minister, on the political situation, see Foreign Press of 21 Jan.

The warnings to Norway in the German press urging her not to let herself be involved in the war are having a strong effect. The Norwegian Press is again very definitely in favor of the strictest neutrality.

The Japanese Foreign Minister has drawn attention to the endeavors of the new Government to effect a compromise with the U.S.A. and to slacken the tension with Russia, while continuing to pursue the same policy as the late Government. Friendly relations with Germany and Italy remain unaltered as also the Anti-Comintern Pact.

For the moment Germany judges the prospects of the new Japanese Government unfavorably.

Conference on the Situation with the Chief, Naval Staff:

Special Items:

The Naval Staff gave the following orders for the sailing of the first auxiliary cruiser (Ship "16") which was originally scheduled for between 4 and 10 Feb. and has now been postponed as she is not yet ready. (Marginal note: new moon 8 Feb., 9 March, 7 April.)

1. Until the line Shetlands - Stadlandet is crossed control by Group West. Unobtrusive air reconnaissance, intensified submarine chase and protection against mines for this purpose. No direct escort.

2. After the line Shetlands - Stadlandet has been traversed the Naval Staff will take over command. Group West is to prepare planes of the Transocean Squadron for operations in the Shetlands - Faroes - Iceland area. The Naval Staff will give the order to commence operations. A Special Group will carry out reconnaissance for ice and enemy patrol activity. It is proposed to station two vessels in the Denmark Strait north and northwest of Iceland, and one vessel south of Iceland. Orders will be issued by the Naval Staff.

3. The Commanding Admiral, Submarines will detail two submarines to take up waiting position 60 miles west of Stadlandet and two more submarines to a waiting position 100 miles northeast of Langanes (Iceland) 67° 10'N, 11°E.

4. All preparations are to be made unobtrusively. The strictest secrecy is necessary for the success of the operation.

The Naval Staff is very keen that the bringing out of this first auxiliary cruiser should be carefully prepared, and supported in every way possible, since the psychological effect of a first successful breakthrough in spite of the great difficulties which will doubtless be encountered in passing through the northern approaches to the Atlantic, must be rated very highly. Group West had intended ships "9", "37", and "18" of the Special Group to execute the reconnaissance assignments, but reported - after learning the prospective area of operations (Iceland) - that it must be realized that the vessels can be identified as German trawlers by any expert by day and that the torpedo camouflage is bad, especially against sighting by planes.

The Naval Staff is well acquainted with the deficiencies inherent in the trawler special vessels. (See Naval Staff's comments on the question of the Special Groups, War Diary, Part B, Vol. V, page 93.)

Since the ships of the 2nd and 4th Special Groups (trawlers) are both inadequately camouflaged and unable to get ready to fire torpedoes while under camouflage, these vessels cannot be assigned to carry out operations against merchant shipping for any length of time in one and the same area, or to hunt submarines in an area where no trawlers normally remain for long.

On the other hand, the Naval Staff sees operational possibilities in distant maritime areas, where the vessels can appear singly, carry out reconnaissance tasks, and use their torpedoes against those enemy surface forces they may chance to meet with every prospect of success. As long as torpedo armament under the surface is impossible, and complete camouflage cannot therefore be achieved, any surprise attacks using this weapon made by the trawler special vessels by day must be abandoned and, instead, the camouflage is to be made as effective as possible during the day with apparatus, baskets, nets, etc.

With regard to the ease of recognizing them as German trawlers claimed by Group West, the Naval Staff believes on the one hand that the enemy can be deceived to a great extent by taking suitable simple precautions, and on the other that there is little likelihood that every enemy observer will be so accurately informed on the different types of trawler that he can identify the true character of these vessels at short notice with any certainty. The danger of recognition will be reduced to the minimum if they operate singly in more distant sea areas where there are normally a large number of trawlers.

Special Reports on the Enemy:

Atlantic:

Great Britain:

The Commander in Chief, Home Fleet aboard WARSPITE was en route for the Clyde on 20 Jan.

The British auxiliary cruiser MOULTAN (20,900 tons) off the coast of Portugal.

France:

The cruiser MONTCALM off Groix. The submarines AGOSTA and BEVEZIERS in the area west of the North African coast on their return passage from the West Indies to Casablanca.

North Sea:

Organization:

A re-organization of the cruisers is in progress in home waters. The Second Cruiser Squadron, based on Rosyth, consists of the SOUTHAMPTON, the EDINBURGH and the GLASGOW. The Northern Patrol Cruiser Squadron consists of the MANCHESTER, the NEWCASTLE, the SHEFFIELD and the AURORA. The Commander, Destroyers has obviously remained on the WOOLWICH in order to free the AURORA for the Northern Patrol. The Senior Officer Commanding, Second Cruiser Squadron appears at the same time to be Flag Officer Commanding, North Sea Forces.

Shipping Losses:

Unidentified steamer sunk east of Noss Head (submarine). The Swedish steamer PAJALA (6,900 tons) torpedoed off the Scottish coast.

Own Situation:

Atlantic:

Daventry reports: "It is believed that the GRAF SPEE depot ship ALTMARK has reached Germany with 300 prisoners".

Shortly afterwards Daventry announced that the ALTMARK, equipped as a privateer with three 15 cm guns, anti-aircraft guns and aircraft and special ammunition for sinking ships, is privateering with a false name under a neutral flag. Her speed is 25 knots.

Havas reports that the British sailors retained as prisoners aboard the German supply ships are being treated in the most humiliating fashion. Bad accommodation and bad food.

The source of this information is unknown. Since the ALTMARK is still en route and there are so far no indications that the ship has fallen into enemy hands, this is purely propaganda, possibly put out for the purpose of learning details of the ship's position.

North Sea:

Nothing to report.

No air reconnaissance because of the weather. Patrol boat "805" and another boat with her were unsuccessfully attacked with bombs.

The SCHLESWIG HOLSTEIN has been dispatched to the North Sea to help with ice-breaking since the ice situation there has become worse and is especially prejudicial to submarine movements.

Baltic Sea:

Minefield pilotage has had to be suspended in the Little and Great Belts, in the Sound and in the Gedser Channel because of ice and a northeasterly snow storm. Minefield patrol units are sheltering close in to land. An examination of the Gedser barrage showed its position to be unaltered and that it was completely effective despite the ice drift which had passed over it a number of times.

The patrol boat HUGIN has freed itself from the ice.

Submarine Situation:

Atlantic:

Unchanged. U "44" received details of convoys which had been detected.

Submarine U "34" reported execution of minelaying assignment off Falmouth. (Position 2).

Successes: The Danish steamer CANADIAN REEFER (1,830 tons) was sunk off the northwest coast of Spain (submarine U "44").

North Sea:

In the operational area: Submarines U "22", U "61", U "57", U "59".
Outward bound: Submarines U "14", U "23", U "18", U "19".

Merchant Shipping:

The following coded order was radioed to all German ships in the Baltic and North Sea on 20 Jan.:

"Ships returning from Norway and the Kattegat are to proceed via the North Sea because of ice conditions in the entrances to the Baltic Sea. Pass through the Skagerrak at night. Proceed under cover of the coast of Jutland via 55° N and 8° 17' E. Pilot vessel there. Signed Naval Control."

The order was also wired via the Foreign Office to diplomatic representatives in Stockholm, Copenhagen and Oslo for transmission to German ships in these ports.

Intelligence reports from France state that Norwegian ship owners are handing over large amounts of shipping to the Allies. In the course of the next few months the Union of Norwegian Shipowners is to place a large number of tankers (150 were mentioned !) at the disposal of the Allies.

The British radio furnishes the following particulars about British shipping:

Out of approximately 6,600 ships escorted, 12 have been sunk by submarines to date. This figure representing 0.2 % is under the average for the World War.

Losses to date amount to 2.5 % of the total British tonnage. (According to German calculations the losses for 1939 stand at approximately 3 %).

New construction for the year may be expected to amount to 2,500,000 tons (according to Chamberlain) within the range of the war program.

Steps taken in the Economic War:

U.S. airmail is checked in the Bermudas. The British declare that from now on all Transatlantic airmail in both directions will be censored. This step is meeting with strong objection in the United States.

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Items of Political Importance:

According to a British news report the Japanese steamer ASAMA MARU, with a number of Germans on board, was stopped by a British cruiser in the Northern Pacific. The Germans were taken off. Further particulars still unknown.

Churchill's radio speech on 20 Jan.: Unequivocal demand to the neutrals to abandon their neutrality and range themselves on the side of the Western Powers. German naval strategy chiefly damages neutral shipping. The neutrals would be lost if Germany won the war. An ignominious peace could only be avoided by united action ! The Franco-British convoy system offered the neutrals complete safety.

The ban on leave has been lifted in Holland.

Special Reports on the Enemy:

Atlantic:

Great Britain:

According to a report from the Attaché in Washington, a fairly large Halifax-convoy is to assemble 50 miles east of Halifax on 23 Jan. Intelligence Center, Spain reports that the large destroyer KEPPEL put into GIBRALTAR on 20 Jan. at slow speed and with a badly damaged bow, probably as the result of a collision.

France:

Very heavy patrolling was detected in the Channel, especially in the eastern Channel. Various submarine warnings were intercepted, including ones south-east of Plymouth and west of Oporto (submarines U "34" and U "44").

According to a report from the Naval Attaché in Madrid, French patrols off Vigo, Gijon and Bilbao have been intensified. Tallying reports and observations from steamers say there are at least five armed trawlers of 1,500 tons with three guns off Vigo. Submarines as well as patrol vessels are reported off the north coast.

North Sea:

The British Admiralty announced the loss of the destroyer GRENVILLE (1,485 tons) as the result of a mine or a torpedo.

According to a report from German steamers through the Consulate at Trondheim, British and neutral ships are said to have put out from Sognefiord or Stadlandet on 9 or 10 Jan. (under escort of destroyers and cruisers waiting out to sea), for an escorted voyage westwards. The presence of the cruisers is to be concluded from the appearance of a catapult plane in territorial waters. The Consulate at Haugesund reported that in Norwegian shipping circles the opinion is growing that it is safer to sail under British escort than alone. Insurance companies recommend ships to sail in convoy, crews likewise press for escorted passage and will not sign on for ships sailing alone, in spite of an increase of more than 200 % in wages. Already the last three convoys are said to have been mixed.

Shipping Losses:

The British steamer PROTESILAUS (9,577 tons). Bristol Channel, mine. The British steamer LLANDAFF CASTLE (10,786 tons), collision, damaged. The British tanker CARONI RIVER (7,807 tons) explosion off the southwest coast of England, sank.

The French steamer RABELAIS (4,999 tons) sent urgent request for a tug.
The Greek steamer EKATONTARCHOS DRACOULIS (5,329 tons) torpedoed west of Oporto. (Submarine U "44".)
The Italian steamer CRASSIO (11,966 tons) on fire off Toulon.
The Estonian steamer NAUTIC (2,000 tons) off the Shetlands.
The Danish steamer THEKLA (1,500 tons) northeast coast.
The Swedish steamer FLANDORA (1,200 tons), mine.
The British steamer FERRY HILL (1,100 tons) northeast coast.
The Norwegian steamer ILA (1,600 tons) aground near the North Goodwins.

Own Situation:

Atlantic:)
(Nothing to report.
North Sea:)

Eastern Baltic Sea:

Swedish minefield pilotage in the declared area of Soedra Kvarken suspended because of ice. Russian operations against Finland severely hampered.

Western Baltic Sea:

Areas surrounding the minefield in the Little Belt ice-free. Great Belt: pack ice. Gedser ice-free in parts. No pilotage in the Sound and near Gedser. Great and Little Belts not occupied. Thick driving snow. Shipping still severely impeded. Some of the steamers caught in the ice are in a difficult situation. The SCHLESWIG HOLSTEIN, which stuck fast in the ice, ran aground and was damaged; must go into dock.

Submarine Situation:

Atlantic:

Submarine U "44" off the west coast of Spain, is being kept informed of convoy movements.
Submarine U "34" western approaches to the Channel.
Submarine U "31" off the Minch.

On passage:

Submarine U "25" west of Ireland
" U "55" west of the Hebrides
" U "51" Shetlands area
" U "41" Heligoland, should put to sea today.

North Sea:

In the operational area:	submarines	U "22", U "61", U "57".
On passage:	submarine	U "14" west of the declared area
	"	U "23" northern North Sea
	"	U "18" central North Sea
	"	U "19" central North Sea
On return passage:	"	U "59".

Returned from operation: Submarine U "60". For short report see War Diary, Part B, Vol. IV. The boat was in the southern North Sea on special assignment "Gelb". After receiving permission to attack, one miss and one failure, owing to non-firing, at steamers with lights. (During an attack on 19 Jan. the steamer stopped after the first torpedo (surface runner), two G 7 E torpedoes were failures because of non-firing.) The boat brought back valuable observations on shipping movements and lights.

Items of Importance from the War against Merchant Shipping:

A torpedo fired by a submarine at the Norwegian steamer NOTOS missed. The crew went on board again. The boat is supposed to have disappeared after an audible explosion (torpedo exploding at the end of its run).

Merchant Shipping:

The Neptune steamer PHAEDRA (619 tons) - proceeding to Rotterdam under Dutch pilotage with a cargo of ore - has been overdue since 14 Jan., and was probably taken prize by British forces (submarine) !

The following special announcement was given out after the news on the German radio according to Plan A on 21 Jan.: "Minefield pilotage in the Little Belt, Great Belt, Gedser Channel and the Sound suspended."

According to a communication from the Soviet Commissariat for Foreign Affairs the German steamer THETIS struck a mine and sank near the islands of Odensholm (Osmuasaar) and Gross Roogoe (Suur Pakrissar) on 11 Jan. According to the Commissariat for Foreign Affairs they were to all appearances Finnish mines which had been laid by a Finnish steamer or a Finnish submarine (?).

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The Commander in Chief, Navy in Swinemuende for conferences with the Commanding Admiral, Defenses Baltic.

Items of Political Importance.

1. For a survey of British wartime policy in Great Britain see Political Review No. 18.

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2. Intelligence reports from various sources say that Great Britain is giving serious consideration to the possibility of exploiting Russia's present weakness by means of a large-scale attack on the oil-producing areas of southern Russia !

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3. The demands made in Churchill's speech to the neutrals have met with definite refusal in the majority of the neutral countries. The Nordic States are especially unwilling to cooperate.

Hearty approbation in Great Britain and France. (For particulars see reactions to Churchill's speech, Foreign Press Report of 23 Jan.).

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4. Signing of the Franco-Spanish trade agreement on 18 Jan. according to which Spain has undertaken to deliver raw materials in exchange for foodstuffs, agricultural machinery etc.; France is to make no demands of any sort for war materiel. Spain's deliveries of raw materials are to include 431,000 tons of pyrites, 365,000 tons of iron ore, 672,000 tons of mercury and 500,000 tons of lead.

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5. The Japanese Government has made a strong protest to Great Britain regarding the stopping of the ASAMA MARU and the taking off of the German passengers. The incident has provoked an acute reaction throughout all Japan, particularly as she was stopped in the immediate vicinity of the Japanese coast. Japan's extremely uncooperative attitude is undoubtedly based, not on any specially pro-German sentiment felt by the Japanese people or Government, but on the natural resistance of the Japanese mentality to any foreign exercise of power in the eastern Asiatic sphere, in which Japan claims, and is determined, to predominate. This incident therefore strikes Japanese national pride in the most sensitive spot.

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6. According to information from the Foreign Office, the Norwegian Admiral, Tank Nielsen, has offered to provide escorts for valuable German merchant ships in Norwegian territorial waters, if so desired. The Foreign Office was informed that the Naval Staff gratefully accepts the offer and will gladly make use of it when occasion arises.

Special Reports on the Enemy:

Atlantic:

Great Britain:

The port of Liverpool is closed to all outward bound ships for 20 hours on 22 and 23 Jan.

The large destroyer HARDY and the destroyer HOSTILE are proceeding from Gibraltar to England. After their return there will only be two boats of the Second Destroyer Flotilla left in the South Atlantic and two in the Canadian area.

France:

No observations of importance. The position of submarine U "44" was transmitted to two submarines off the Spanish coast. One destroyer was detailed to operate against submarine U "44".

North Sea:

The Admiralty admitted that the overdue patrol vessel VALDORA (250 tons) was sunk.

According to radio monitoring the submarines SALMON, SNAPPER, URSULA, and TRIDENT are at present operating in the North Sea.

Own Situation:

Atlantic:

Nothing to report. The British radio announced that the ALTMARK is suspected of being engaged in mercantile warfare.

North Sea:

The Group reports that owing to the increasing acuteness of the ice situation and the fact that the SCHLESWIG HOLSTEIN is out of commission as

an ice-breaker it may shortly be impossible to bring through vessels of all types. Relief of patrol boats is already impossible. Planes of Commander, Naval Air, West are no longer operational owing to technical deficiencies.

Baltic Sea:

Barrage patrols in the Sound and also in the Great and Little Belts withdrawn. Pilot stations in the Sound temporarily unmanned, those in the Great and Little Belts not manned.

Net barrage off Gedser dislodged.

The SCHLESWIG HOLSTEIN is damaged and temporarily out of operation. All minefield indicator buoys and a large number of channel buoys have been dislodged off Kiel.

Submarine Situation:

Atlantic:

Unchanged. Submarine U "44" has been ordered by the Commanding Admiral, Submarines to take on supplies in the bay off Cadiz during the night of 25 Jan. The boat is to report if the attempt fails and she has not sufficient fuel for the return passage.

North Sea:

In the operational area: Submarines U "61", U "23".
On return passage: Submarine U "57" reports the execution of her minelaying assignment (Cromarty) and one steamer sunk. Also on return passage, submarine U "22" reports having sunk a destroyer (GREENVILLE ?) and a steamer. (Marginal note: probably EXMOUTH according to later reports, as the GREENVILLE was lost as the result of striking a mine.) (Boat is operating east of the Pentland Firth.)

Merchant Shipping:

Own Shipping:

On 19 Jan. Batavia replied to the Ministry of Transportations' instructions of 16 Jan. to the Consulate General in Batavia to despatch German ships in the Dutch East Indies to Japan as soon as possible; among other things, it was

stated that it is impossible to keep preparations and departure secret. The Hapag-Lloyd-Agency in Batavia is a Dutch firm with many British connections. Further seizures are to be expected !

According to a report from an officer of the motor vessel HANNOVER - still lying in Curacao - who has returned via Vigo, very unsatisfactory conditions prevail on board the German ships, especially on board the HANNOVER, in so far as the captains are not doing their utmost to obey the clear order to return home, although the opportunities are there. The Naval Staff's special instructions have been destroyed by some of the captains. The captain and chief engineer of the HANNOVER have done everything in their power to oppose a possible sailing.

The Ministry of Transportation has been requested to have the captain and chief engineer dismissed. The ship's executives will be called to account after her return home. A new general directive to captains seems necessary in order to prevent the repetition of such unworthy conduct on their part.

The captain of a prize ship informs us that as a result of the peril in British coastal waters the Latvian Government has decided to forbid Latvian ships to sail to Great Britain in future.

The captain of a German steamer reports that on 17 Jan. two Estonian ships were lying in Malmoe; these were to proceed to England in ballast. The entire crew, however, refused to sail.

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Conference on the Situation with the Chief, Naval Staff:

Special Items:

1. Since - according to a report from the German Embassy in Stockholm - the Swedish Foreign Minister considers the German proposal for the mining of Swedish territorial waters in the Sound by Sweden very serious, the Swedish Government has now officially declined the German proposal, since minelaying would not be compatible with Sweden's strict neutrality and would be regarded by Great Britain as biassed support of Germany. In this connection, possible consequences with regard to the British attitude in the question of Norwegian territorial waters were pointed out.

The Naval Staff is unanimously of the opinion that the danger of a British invasion of Norwegian territorial waters must be avoided at all costs; it is, therefore, in acknowledgement of Sweden's difficult situation in this question that it is not intended to exercise stronger pressure on Sweden for the present. The Swedish Government has declared its willingness for further discussions on the subject of minelaying operations against an invasion by submarines. (See also War Diary, Part C, VIII).

2. The fact has emerged from a discussion between the Chief, Naval Staff and the Councilor of State Essberger that the Ministry of Transportation possesses no powers to enforce her demands where shipping firms are concerned, and that it has so far neglected to procure those legal instruments which are absolutely necessary in order to carry into effect the decision taken, and thereby exercise a strict control over all German merchant shipping in the interests of the war as a whole.

3. Conference with the Commanding Admiral, Submarines (Rear Admiral Doenitz) on the submarine situation and further operational plans:

a. Review of the state of submarine operations and of the mining of the east and west coasts of England. The Commanding Admiral, Submarines considers the minelaying operation off Liverpool an extremely difficult one, which tries the boat to the full, - shallow water, no possibility of evasive action, and heavy patrolling. Submarine U "30" (Lieut.(sg) Lemp) succeeded only because he had a dark night, specially favorable weather conditions and his own great skill. The operation requires an extremely capable commander. Considering the very great risk involved, the Commanding Admiral, Submarines would advise against a repetition of the operation, if this could be undertaken by the Air Force instead.

The Naval Staff itself considers it very important that another operation should be undertaken since it would create specially great difficulties for British traffic, and particularly since the Air Force will probably not be able to carry out its own minelaying operations until May. The Chief, Naval Staff will not, however, insist because of the very great strain which the operation implies, but leave the decision to the Commanding Admiral, Submarines, pointing out that, if necessary, the mines could be laid, not directly off

Liverpool, but on the approach routes in the Irish Sea.

b. Halifax operation: Taking into account the limited weather conditions at this time of the year and the fact that the auxiliary cruiser which was intended to take part in the operation will not be ready until later, the Commanding Admiral, Submarines proposes that submarines should carry out the operation alone, i.e. without the auxiliary cruiser; they will be in a position to do this when their reconstruction is completed (additional tanks).

The Commanding Admiral, Submarines considers the Halifax operation extremely worthwhile. Speedy execution desirable (period of fog from March to July and deteriorating ice situation).

The chances of surprise are greatest if submarines alone are used. The boats intended to take part in the operation (submarines U "37", U "38", U "43") will be ready at the beginning of February. Provision has been made for the despatch of three boats. If submarine U "37" is ready much earlier, making it necessary, in the interests of utilizing the boats to the full, to use her elsewhere, the long-distance operation will be carried out by two boats only.

8 TMC or 12 TMB mines and 6 - 10 torpedoes will be used for the operation. Great success can be expected. The mines are to be laid with a 14-day delay, so that the subsequent use of torpedoes takes effect first of all, and the period of alarm then extended by the mines. If the boats wait until the auxiliary cruiser is ready the operation will be endangered.

The Naval Staff agrees to the Commanding Admiral, Submarines proposal, although great prospects of success could have been expected from a combined operation between the auxiliary cruiser and the submarines, with the combination of submarine reconnaissance, mines laid by submarines, use of mines by the auxiliary cruiser, and torpedo attacks by the submarines. From a strategic point of view, however, it is considered better to make use of the favorable time of year and the availability of the long-range submarines during February in order to attain quick successes, especially since it seems by no means definite yet that the auxiliary cruiser can be got ready to execute a mine-laying operation. Whether it will still be possible to despatch the auxiliary cruiser after the submarine operation remains to be seen; in this case submarine reconnaissance is of the greatest value.

The Commanding Admiral, Submarines has received instructions to make preparations for the operation. The political aspect and the question in so far as it affects International Law will be examined by the Naval Staff in conjunction with the Foreign Office.

c. Question of submarine support for the auxiliary cruisers' breakthrough.

The Commanding Admiral, Submarines is aiming at the highest degree of concentration in his operations, in order to make the best possible use of the small number of submarines. He does not see any chances of success in the disposition of submarines off the Norwegian coast and near Iceland as requested by the Naval Staff, and does not think that the boats will be of any assistance to auxiliary cruisers making a breakthrough into the Atlantic. He points out that at least two mining operations would have to be cancelled because of this and two Atlantic boats fall out, and requests that no boats be furnished for these assignments.

The Naval Staff is well aware that the chances of successful attacks on enemy forces or on merchant shipping are slight, and that if the weather is bad there may be no support for the auxiliary cruisers' breakthrough. However, it attaches such high importance to assuring the successful breakthrough of this very first auxiliary cruiser, that it seems completely justified to use the submarines to aid the auxiliary cruiser by their reconnaissance activity, and by their ability to attack any patrol forces present, also especially because of the psychological effect on the captains and crews of the auxiliary cruisers. In contrast, successful sinkings are of secondary importance. The Naval Staff therefore still requires the operation of two boats in the area south of Iceland, but will dispense with the boats off the Norwegian coast.

d. Further submarine operations: The following minelaying operations are planned:

Submarine U "28" Portsmouth
" U "29" Bristol Channel
" U "48" Weymouth (Portland)
" U "33" Plymouth or Liverpool again.

Torpedo attacks:

The Naval Staff plans to extend the area in the Bristol Channel in which all weapons may be used to the 200 m line, to release a new area off the southeast coast of England and to extend the area off North Scotland as far as 2°E. The Commanding Admiral, Submarines considers these measures - especially the extension of the Bristol area - an essential and, in the interests of making submarine warfare easier, a highly desirable intensification of operations against merchant shipping.

Reconnaissance of the British declared area is to be continued in order to establish whether there are favorable opportunities for destroyer operations. If the ice situation permits two boats are to be stationed off the North Channel, one off the Minch, three near the Pentland Firth and May Island, and three between the Shetlands and Norway for operation "Nordmark".

The Commanding Admiral, Submarines points out the present severe hindrance to boats entering and leaving port as a result of the ice. All available boats, including training boats, are being withdrawn from the Baltic to the North Sea.

e. Torpedo failures: The Commanding Admiral, Submarines calls attention to the depressing effect of the numerous torpedo failures on the boats at the front. Failures have been reported by the most able commanders and best shots when firing with certain data and under peacetime conditions, and cannot therefore be classed as misses. Everything possible must be done to correct this and Professor Cornelius has already commenced work on the project. (The Commanding Admiral, Submarines has stated that according to a conservative estimate, about 300,000 tons more shipping could have been sunk if the torpedoes had worked properly. 13 more failures in the period 10 to 21 Jan. !)

f. The Chief, Naval Staff has called the attention of the Commanding Admiral, Submarines to the necessity for submarines to use radio as sparingly as possible, since the enemy direction-finding service works very quickly and accurately. The Commanding Admiral, Submarines does not regard the danger as so great, since bearings also often show a fairly large margin of error, and he emphasizes that generally the boats only use their radio for the transmission of important shadowing reports and weather reports, or if their presence is known to the enemy in any case. The Chief, Naval Staff has ordered that weather reports are to be transmitted only when the boat incurs no risk by so doing.

Conference with the Naval Attaché, Copenhagen and Chief, Operations Branch Group Baltic.

Special Items:

1. The Danish Navy has offered to close the gaps in the Danish minefields in the Belt by means of deep-laid mines as a protection against penetration by submerged submarines. The offer has been accepted. The following minefields have been requested: in the Little Belt from the bottom to a depth of 12 m, in the Great Belt from the bottom to a depth of 15 m; an extension of the shallow minefields up to the 5 meter, possibly even to the 4 meter line has also been requested. Our own minefields in the Belts are to be swept as soon as the weather and labor situation permit.

After the Danes have completed these minelaying operations the Naval Staff considers the Belts can be regarded as completely secure against any penetration by submarines.

2. The need for the mining of the Sound, especially of Swedish territorial waters is not caused by the fear of danger from submarines, but by the necessity

of paralyzing the heavy contraband traffic still running there. Sweden has refused German proposals to mine the Kogrund Channel. Further German action must take into consideration the fact that extensive German demands on Sweden may result in the closing of her territorial waters, possibly in similar demands from England to Norway for the closing of Norwegian waters, and thus in the complete disruption of the German ore traffic. Caution is therefore necessary; at present it is not possible for Germany to mine Swedish waters.

The following is therefore proposed: to extend the German mined area northwards and transfer the present Sound minefield to the southern entrance of the Flint Channel. Denmark is to be requested to extend her minefield off Amager southeastwards to the boundary of her territorial waters.

For this purpose a broad passage gap which does not impede shipping is to be swept in the former German declared area.

3. General situation in Denmark:

The Attaché points out the growing difficulties for Danish shipping proceeding to Great Britain. Lack of crews; retention in control ports. General situation dominated by the Russo-Finnish conflict. Danish Government resolved to maintain strict neutrality. Danish-British negotiations show that Great Britain has already given up Denmark as a supplier of food. The foodstuffs agreement has however, not yet been repudiated. - Air attacks on Danish merchant ships are greatly regretted, also torpedoes fired on neutral steamers (DENMARK !), but no official steps taken. Danes display great trust in the Commander in Chief, Navy. It is essential that all matters should be settled between the two navies as hitherto.

(See also memorandum in War Diary, Part C, Vol. III.).

Special Reports on the Enemy:

Atlantic:

Great Britain:

Radio monitoring detected various ships at sea south of Ireland, also between Iceland and the Faroes.

The aircraft carrier GLORIOUS has been in Malta since 17 Jan. Admiral, Devonport instructed a Greek steamer as follows:

The Admiralty assumes no responsibility and advises you to keep 20 miles south of Shambles and request Admiral Dover for further advice when approaching vicinity.

France:

After British stations reported a German submarine 60 miles south of Portsmouth (submarine U "34") on the evening of 23 Jan., renewed agitation among the French Channel units was unmistakable.

A false submarine alarm was again given near Barfleur, causing lively radio traffic and submarine chasing.

The convoy "KS" is west of Cape St.Vincent on northerly course proceeding at slow speed. Submarine U "44" is shadowing.

The submarines which have been relieved in the West Indies or the Azores area are proceeding to Casablanca.

North Sea:

The Admiralty reports the loss of the British destroyer EXMOUTH (1,475 tons), last detected in the Rosyth area. Submarine U "22" (Lieut.(sg) Jenisch) is probably the lucky shot.

An unidentified vessel was located in the German declared area, possibly a submarine.

According to a report from Kirkenes, the Norwegian Navy is so far supposed to have destroyed 11 drifting mines in Varanger Fjord and in the entrance to Boeke Fjord. Vessels are recommended to traverse the fjord only during daylight.

Shipping Losses:

The British steamer BALTANGLIA (1,500 tons) and the Norwegian steamer PLUTO (1,600 tons) sank after an explosion off the east coast of Scotland. The Dutch steamer OOSTPLEIN (5,000 tons) in collision south of Dover. The Danish steamer LICA MAERSK (2,500 tons) aground near Goodwin Sands.

Own Situation:

Atlantic: Nothing to report.

The following was transmitted to the ALTMARK:

"1. During the last few weeks several German steamers have passed north and south of Iceland and reached home. German ore traffic from

Narvik in Norwegian territorial waters.

2. The British destroyer GRENVILLE was sunk by a submarine. Numerous enemy shipping losses off the east and west coasts of England."

North Sea:

Nothing to report.

Because of the ice situation Group West has been forced to request the HESSEN for the North Sea to assist in ice-breaking, since the SCHLESWIG HOLSTEIN is at present out of action.

The Naval Staff has requested the Soviet Government through the Naval Attaché in Moscow, to provide an icebreaker for temporary use in the river estuaries.

Baltic Sea:

Ice situation substantially unchanged.

The Gedser Channel at present ice-free, an ice barrier is, however, drifting towards the gap in the minefield. Operations against merchant shipping in the eastern Baltic Sea carried out by the HANSESTADT DANZIG.

Submarine Situation:

Atlantic:

In the operational area: Submarines U "44", U "34", U "31", U "55". Submarine U "34" has been assigned the area south of Ireland and the western entrance to the Channel, submarine U "55" the area southwest of Ireland. Submarine U "34" is shadowing a convoy on westerly course; submarine U "44" is in contact with the convoy "KS" west of Cape St.Vincent.

North Sea:

In the operational area: submarines U "61", U "23", U "18", U "19".

On passage: submarine U "20".

On return passage: submarines U "22", U "57".

Submarine U "9" on homeward passage, reports sinking a 4,000 ton steamer south of the Dogger Bank and an 8 - 10,000 ton steamer in approximately the same area. While homeward bound the boat observed 12 fishing smacks with lights set or route 1 as far as 8 miles east of the western edge of the declared area.

Submarine U "59" reported that she also used the passage through the British declared area east of Lowestoft, which was used by submarine U "56".

The boat observed moderate shipping at night between the declared area and the English coast; she sank a 2,500 ton steamer east of Great Yarmouth and reported inexplicable misses for the remaining torpedoes.

Merchant Shipping:

Own Shipping:

Our suspicions that the steamer PHAEDRA (619 BRT) was taken prize have been confirmed. According to information from the Naval Attaché at the Hague, the ship was taken prize by the British while on a voyage to Rotterdam with a mixed cargo. Daventry Radio confirms that the ship was captured and brought in. Time and place not yet known. The ship had a Dutch pilot.

The shipping route in the North Sea area has been altered and ships now proceed roughly as far as Paternoster inside Norwegian and Swedish territorial waters and after dark cross the Skagerrak on the line Skagen - Paternoster. The route then runs inside, or in the vicinity of, Danish territorial waters through Nordmanns Deep, and then as before. After the evening of 23 Jan. it will also be necessary to close the Elbe to shipping because of ice conditions; this however, will not affect the ore shipments to any extent, since the greater part of the homeward bound ore steamers are directed to Bremen and Emden. According to information from Group West it is at present still possible for vessels to enter the Weser and the Ems.

The Naval Attaché in Madrid reports: A Spanish steamer which put in to Vigo was stopped by French patrol vessels and the Captain was shown photographs of the German ships lying in Vigo. It was remarked that they were waiting for these ships to sail.

Foreign Shipping:

The Consulate General at Amsterdam reports: According to information from Ottawa the British Government has given 60 ships lying on the Pacific coast the order to load wood in British Columbia at once and transport it to Great Britain. The loading will commence at the end of January.

Eleven grain and meat ships left the La Plata estuary between 21 and 23 Jan.

Sweden has instituted a convoy system between Stockholm and the Aaland Islands and between Gothenburg and Norwegian waters.

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Conference on the Situation with the Chief, Naval Staff.

Special Items:

I. Battleship Operation:

On the subject of an operation by the battleships and the cruiser HIPPER, Group West, in a letter dated 10 Jan. stated that it did not consider more extensive battleship operations in the Atlantic possible until the repairs to the engines, scheduled for the beginning of April, were executed. The Naval Staff finds itself forced to agree, but regrets the long inactivity it implies for the battleships in the North Atlantic and Iceland area, especially since it considers the present time, when the British forces are undergoing extensive dockyard and repair periods, extremely favorable. The first battleship operation will now only consist of a short sortie against convoy traffic between Norway and the Shetlands and, according to information from Group West, will not be possible until a sufficient number of submarines is ready. The date was previously fixed for 30 Jan. Group West reports in a teletype dated 23 Jan., however, the necessity of postponing the operation again because of ice conditions, giving the following reasons:

1. Impossible to get submarines out of Kiel and Hamburg at present. Only three submarines will be in position on 30 Jan. One of the fundamental requirements for the operation would thus be lacking.

2. Transocean planes will not be available by the end of January, since they cannot be flown-in because of the ice.

3. It is doubtful whether the battleships can complete their gunnery exercises in time because of ice conditions. The Commanding Admiral, however, regards the exercises as indispensable for the operation.

Group West therefore does not propose to carry out the operation until there are at least eight submarines available and the battleships have completed their gunnery exercises.

While the Naval Staff agrees with Group West on the necessity for the completion of the gunnery exercises before the operation, it takes quite a different point of view on the other questions.

The proposed submarine operations off the enemy bases and in the enemy approach areas represent an additional operation to increase the chances of success as a whole, and are on no account to be regarded as indispensable to the battleship operation. Their principal purpose is not to afford relief to the battleships. Dependence on the disposition of numerous submarines could cause an insupportable delay in the operation. The state of readiness of the transocean planes must not be allowed to restrict the operation, whose successful execution does not depend on this, in itself very desireable, but by no means exhaustive, long-range reconnaissance.

The following directive has therefore been issued to Group West by teletype:

1. The number of submarines originally requested need not be compulsory.

2. The operational readiness of the transocean planes is not to influence the date chosen for the operation.

3. Completion of the firing exercises is recognized as indispensable.

4. The present favorable enemy situation makes an early execution of the operation advisable.

II. A new Directive has been issued by the Naval Staff to Group West and the Commanding Admiral, Submarines for operation "Gelb", in order to free all possible forces from restriction to definite assignments and to give them greater freedom of action: (see War Diary, Part C, Vol. II "North Sea").

Special Items:

a. As a result of the continuing unfavorable state of the weather the date is still unsettled. If the enemy takes the initiative by crossing the Belgian frontier or by establishing himself in the Dutch coastal area, it might be necessary to start our own operations at short notice. Former preparations remain as before. It must be possible for surface forces, concentrating on the Scheldt, to execute their operations within the minimum space of time. The next most important mining target is Texel - Den Helder passage.

b. No submarines for operation "U" but boats operating in the North Sea operational area may be used in operation "Gelb".

c. Operation "L" as before.

d. 24 hours alert for operation "M".

Three destroyers to be continuously at 24 hours notice for operations "W" - "M". (For keywords see directive).

Items of Political Importance:

The French reply on the subject of the Panama Neutral Zone follows the

British interpretation and declares that France could abandon her right to patrol in the security zone only if there were no German warships or supply ships (!) in the zone, and these ships were interned in U.S. ports.

In her economic negotiations with Spain, Great Britain has demanded that Spain shall not permit through-transit to Germany of any kind of Spanish goods, or goods coming from other countries via Spain.

According to intelligence reports from Jugoslavia, Turkey has warned the Western Powers against an advance in the Balkans. Turkey is endeavoring to maintain strict neutrality and has apparently resolved not to support any offensive plans the Western Powers may have against the Balkans.

A fresh U.S. protest to Great Britain against the holding of U.S. ships for long periods in British control ports. Churchill's speech coolly received.

Special Reports on the Enemy:

Atlantic:

Great Britain:

Nothing to report.

France:

Submarine hunt by planes and subchaser units in the eastern Channel in the forenoon. Destroyer patrol activity west of Gibraltar. At noon a destroyer of the 2nd Destroyer Division, probably belonging to the escort of convoy KS, reported a submerged submarine (U "44") west of Lisbon. The report was repeated by British and French stations.

North Sea:

Enemy bombers flew over, but only as far as the western boundary of our

declared area.

Two submarines in the North Sea received several priority radio messages on the evening of 23 Jan. They may possibly have been connected with the German steamer KLAUS RICKMERS which ran aground off Hanstholm.

Nine trawlers were detected in the Dogger Bank area and south of it. Markings G.Y. and names PRINZ VIKTOR, VINDICATE, and "G.Y. with figures" (probably British trawlers from Great Yarmouth or Grimsby).

Shipping Losses:

The British steamer PARKHILL is overdue.
The Norwegian steamer BIARITZ sank 20 miles southwest of Ymuiden after an explosion.

The Norwegian steamers SYDFOLD (2,400 tons) and MIRANDA (1,300 tons) sank off the Scottish coast.

The British trawler NEWHAVEN is overdue.

The British steamer BARON RUTHAVEN (3,200 tons) was bombed by German planes southeast of Lerwick.

Own Situation:

Atlantic:

Nothing to report.

The supply ship ALTMARK received a radio message stating that the German Embassy and Consulates in Norway have been informed of her imminent return.

North Sea:

The ice situation on the lower Elbe has improved to such an extent that Group West considers it worthwhile for the HESSEN to remain in the Baltic Sea as a target ship for the battleships. The submarine hunt by forces of the Commanding Admiral, Defenses

North cooperating with planes was unsuccessful.

Air reconnaissanoe sighted trawlers south of the Dogger Bank without flag or national markings; they showed no flag in spite of warning machine-gunfire. South of them, within visual range, a submarine was crash diving, and could not be attacked since the place where it dived could not be established clearly. At noon one submarine was identified at periscope depth on the Dogger Bank. No attack was made because of the ban on anti-submarine hunts in this area.

On the basis of the report from submarine U "9" that twelve fishing smacks were seen on Route "1" inside the German declared area, the Group assumes that these were Danish fishing smacks. The Commanding Admiral, Defenses North, who still controls the Special Groups, has been ordered to detail two boats of the 16th and 18th Patrol Flotillas to operate against these fishing smacks. Enemy vessels are to be sunk if it is not possible to bring them in. Neutral vessels are to be brought in, and if this is not possible, expelled from the declared area. Route "1" is to be traversed by night only, vessels taken prize via Route "Rot".

At the same time, the Group requests that the Danish Government be informed through diplomatic channels that fishing vessels run the greatest danger in the declared area, and that if they are encountered there they are subject to seizure. The Group considers that the basis of the combat instructions, according to which all weapons may be used without restriction in those areas expressly declared as dangerous, cannot be applied in the above case.

Further vessels of the Special Groups are to patrol the ore steamer route from Nordmanns' Deep to Paternoster.

Operational Air Force:

At 1930 X Air Corps reported the result of the reconnaissance of the Shetlands.

No warships in Lerwick harbor, but a large number of merchant ships. Unsuccessful attack on steamer. (Bombs fell on land as the result of a technical failure.) Further unsuccessful attacks, one steamer damaged.

Baltic Sea:

Gap in the Gedser barrage closed by pack ice, solid covering of ice to the north. No longer possible to get through to the west from 15 miles east of Fehmarn.

Submarine Situation:

Atlantic:

Submarine U "44" off Lisbon at noon, still in contact with the convoy (transmitting shadower reports).

Submarine U "25" probably in the Finisterre area, so that the boat will be able to operate on the convoy.

Submarine U "34" western approaches to the Channel.

Submarine U "31" off the Minch.

Submarine U "55" southwest of Ireland.

On passage: Submarine U "51" west of Ireland.

North Sea:

In the operational area: Submarines U "61", "14", "23", "18", "19". On her return home, submarine U "22" reports having successfully torpedoed a destroyer (EXMOUTH) and a 1,500 ton steamer. No traffic east of the British declared area. (2 misses.)

Submarine U "60" reports a miss caused by severe yawing in the seaway and three misses through torpedo failures. Submarine U "18", on return passage, reports one steamer sunk, three failures.

Submarine U "59" likewise one steamer sunk, three failures through non-firing.

Merchant Shipping:

On 23 Jan. the Ministry of Transportation wired to the Embassy in Oslo: "You are requested to advise Norwegian ships proceeding through the North Sea to German ports to sail east of the German declared area, close to the coast of Jutland. An escorting officer will escort the ship when she approaches German territorial waters.

With reference to the Allies' urgent need for freighters, the French press speaks of sanctions against the scuttling of German merchant ships. Scuttling does

away with any obligation to save the crew; captains could be brought before a court martial. Radio Daventry announces that British warships have received special instruction to guard against further scuttlings of German ships.

The Naval Staff is issuing guiding principles for use of ground mines, as a draft for "Ground mine tactics", based on war experience gained to date, to all offices primarily concerned (including the Commander in Chief, Air Force, General Staff and Commander in Chief, Air Force, Naval Air Inspectorate). (See War Diary, Part C, Vol. VI.)

The following most important points have arisen from experience gained to date:

1. The ground mines are to be laid in such a way that the enemy will most likely strike them, cannot evade them and can sweep them only with great difficulty.

2. The best laying position is always an area which the enemy must traverse and which does not permit any detour.

3. The most practical form of minelaying is deep and spread out (area, not lines).

4. When mining a narrow channel (river or route) do not lay straight across the route, but along it and in chequered formation.

5. Firing setting, mix with moored mines. Anti-sweeping devices according to situation and as deemed appropriate.

6. Navigational accuracy is a basic requirement when minelaying. The safety of our own forces, which may possibly operate in the same area later on, depends on the reliability of the data given in the minelaying report.

A new directive on Special Group operations has been issued to Naval Group Command West, based on experience gained in the first operations carried out by Ships "4" and "20", and on examination of the operational possibilities of the trawler Special Groups.

Special Group operations are to be planned on the following lines until further experience is available:

1. Main task: destruction of enemy warships under cover of camouflage.

2. Subsidiary task: Operations against merchant shipping by surprise sinking of merchant ships at night without warning within the scope of the regulations generally issued on this subject. Full camouflage is to be maintained even after sinking.

3. Reconnaissance activity on certain shipping routes, e.g. between the Shetlands and Norway, along the Norwegian coast - combined with the assignments under 1. and 2. if occasion arises.

The attention of the Group is further drawn to the necessity for clearly defined allocation of tasks and thorough briefing of the captains on operational and tactical procedure. Since the allotted tasks mostly lie outside the Heligoland Bight, it is best to subordinate the Special Groups administratively to the Commanding Admiral, Defenses North, but operationally to Group West.

(For further details see directive in War Diary, Part C, II.)

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Items of Political Importance.

British steps in the ASAMA MARU case are still causing sharp protest in Japan. Mass meetings and protests stress Japanese predominance in Eastern Asia and attack any British interference in the Japanese sphere of interests. Great Britain, on the other hand, is endeavouring to reach a quick settlement.

Churchill's speech with its unconcealed threat to the neutrals is still being sharply criticized by the neutral countries. The Government declares that this is only Churchill's personal opinion, not the official policy of the Government. Even in the U.S.A. growing ill feeling is unmistakable in connection with the molestation of free U.S. trading (trade and postal control) and damage to other U.S. interests by Great Britain, and is making Roosevelt's efforts to support the Western Powers very difficult.

For the situation in the Balkans and the attitude of Greece and Turkey, see Political Review No. 21.

Reports from our Envoy Ritter indicate difficulties in the course of the Russo-German economic negotiations in Moscow, since the Russian Government - while in principle ready to deliver raw materials - is very emphatic on "reciprocal aid", and will undertake no deliveries without simultaneous German return. The negotiations continue.

Special Reports on the Enemy:

Atlantic:

Great Britain:

The repair ship RESOURCE left Gibraltar for the west on 22 Jan. and is probably proceeding to Freetown.

France:

Various submarine warning signals were given northwest of Cape Villano and

west of Oporto; these were repeated by Brest, Dakar, Portsmouth and other stations, and can be ascribed to the activities of submarine U "44" and possibly U "25". Vessels have been detailed to attack the northern boat. An unidentified vessel off Cape Villano reported that it had been attacked by a submerged submarine and requested help.

The convoy which left Gibraltar at noon on 24 Jan. consists of 35 ships and is escorted by four destroyers, including the TIGRE and CHACAL; unidentified vessels put out from Casablanca on 25 Jan. to patrol the area west of Gibraltar, probably in connection with the convoy and the threat of submarines.

In the evening the French High Command announced a successful attack by a patrol vessel on a German submarine (probably the defense which submarine U "44" encountered when she attacked the convoy).

North Sea:

The destroyers ESCAPADE, ECHO, ECLIPSE and ENCOUNTER, and the gun boats GRIMSBY and WOOLSTON were detected at sea in the Rosyth area.

The submarine TRIAD, THISTLE, URSULA and H "34" are operating in the North Sea.

According to a statement made by the Captain of an Italian steamer, the destroyer WATCHMAN (1,100 tons) was towed into the Downs severely damaged at the end of November. Parts of the forecastle with guns were missing, the after funnel had toppled over and the stern was buckled.

According to reports from Bergen a company of ships (escort doubtful) composed of six Norwegians, six Swedes, three Finns, three Estonians and one Latvian set sail westwards from Bergen on 26 Jan.

Shipping Losses:

Submarine U "44" sank two steamers from the convoy off Oporto. Two British steamers collided off Liverpool; the British steamer GLEMMIES (4,700 tons) was severely damaged. The British steamer DURBAN CASTLE (8,200 tons) damaged in the Rosyth area. The Finnish steamer ONTO (1,300 tons) struck a mine in the North Sea. The Swedish steamer PATRIA (1,200 tons) struck a mine. Unidentified Norwegian steamer struck a mine. The Latvian steamer EVERENE (4,400 tons) torpedoed (submarine U "19"). The Norwegian steamer GUDVEIG (1,300 tons) torpedoed off Longstone (submarine U "19"). The Latvian steamer EVEROJA (7,400 tons) aground off Terschelling.

For disposition and activities of enemy forces during the third week of January see Radio Monitoring Report No. 3/40:

Special Items:

The extensive overhauling of heavy forces is going ahead, taking advantage of the present extremely favorable lull - for England - in Atlantic waters, and of the unfortunately enforced inactivity of heavy German surface forces in the northern maritime areas. The present great weakness in battleships in the home area is therefore worthy of notice (only the WARSPITE, HOOD, and REPULSE at present operational); this is of course compensated for by the increased number of cruisers patrolling the northern area and protecting the convoy routes to Norway.

A large number of auxiliary cruisers are being put on coastal escort service, also on convoy and patrol duty.

Merchant shipping in coastal waters is becoming increasingly unsafe, but no permanent stoppage of shipping in any one spot can be identified. Strong patrol forces are concentrating on the interception of German steamers returning from overseas. Further battle groups are being prepared to combat German merchant raiders appearing in the South Atlantic.

For indication of the effects of the German pocket battleships' appearance in the Atlantic, see Radio Monitoring Report.

Own Situation:

Atlantic:

Nothing to report.

North Sea:

In grid square 8317, i.e. northwest of West Terschelling (south of our declared area and in the southwest corner of the British declared area) the 7th Minesweeper Flotilla is sweeping some mines, the first British minefield detected. It is assumed that the minefield covers only a small area.

This is most probably the same minefield already struck by three neutral steamers (the ADOLF BRATT, VEGA, and INDRA), according to a confidential communication from the Dutch Admiral Herris to the Naval Attaché at the Hague (dated 2 Jan.). (See letter from the Attaché, War Diary, Part B, Vol. V, 94).

The Commander Destroyers and seven destroyers put to sea for an operation against merchant shipping off the south coast of Norway. (Keyword "Hollaender"). Assignment: Operations against merchant shipping between Stavanger and Lindesnaes.

Baltic Sea:

The ice situation is essentially unchanged. Heavy drift ice in the Sound, only southern position still occupied. Heavy pack ice off Gedser. All pilot vessels still withdrawn from the Belts.

The remote control target group HESSEN and BLITZ is endeavoring to get through from Kiel to the firing area off Arcona because of the urgency of completing the battleships' gunnery exercises.

Submarine Situation:

Atlantic:

Submarine U "44" reports an attack on a convoy. Two steamer sunk. Severe depth charging. Boat will not take on supplies at Cadiz. The Commanding Admiral, Submarines assigned the following operational areas:

Submarine U "51" grid square BE 3000
Submarine U "34")
Submarine U "55") grid square BF 1000 as far as the Channel.

Further, submarine U "25" is in the Finisterre area and U "31" is off the Minch.

North Sea:

In the operational area: Submarines U "61", U "23", U "19". On return, submarine U "14" reports sinking one steamer, two misses. One gyroscope failure. Submarine U "18" on return passage. On passage: submarine U "20"; sailed: U "7"; Heligoland, ready to sail; submarine U "13".

Merchant Shipping:

On 24 Jan. the Embassy in Oslo telegraphed a request for instructions by cable as to what sailing instructions can be given to Norwegian packet steamers on the west of Norway route from Hamburg. The Norwegians are quite prepared to sail along the west coast of Jutland.

The following answer from Group West has been transmitted to Oslo:

"Steamers to sail from the Elbe to List with an escorting officer. Thence via Nordmann's Deep and Danish territorial waters to Hanstholm. Cross the Skagerrak on the direct route to Norway."

Steps in the Economic War:

According to a report from the Embassy in Washington, the British and French Governments have - as in the World War - established a branch of their Ministry of Shipping and Trade in the U.S.A. Task - purchase of war materiel, transshipment, provision of shipping etc.

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Items of Political Importance:

During a conversation between the German Ambassador in Brussels and the U.S. Ambassdor, (a friend of Roosevelt), the opinion was expressed that a violation of Dutch-Belgian neutrality by Germany would have severe repercussions on public opinion in the U.S.A. and might possibly cause the United States to enter the war on the side of the Western Powers.

In a speech the Dutch Foreign Minister declared the Netherlands' determination to abide by their policy of strict neutrality. Military preparations were, however, necessary in view of the presence of strong belligerent forces on their frontier.

The U.S. - Japanese trade treaty lapses on 26 Jan. According to U.S. reports, the United States provides 34 % of Japanese imports, and absorbs 18 % of her exports. The U.S. delivered to Japan about 56 % of her essential requirements for heavy industry. These figures show Japan's great dependence on trade with the U.S.A. and her unfavorable political relationship to the U.S.A. on this account.

The Fuehrer has decided that the designation "Greater Germany's fight for freedom" is to be used for the present war. There is no objection to an occasional use of the expression "British War", especially in connection with the war at sea.

Re-naming of the pocket battleship DEUTSCHLAND to LUETZOW was published, with the announcement that the ship returned home some time ago after four months of successful operations against merchant shipping. The reason for the re-naming was stated to be that the name DEUTSCHLAND is planned for a larger ship later on.

1200 Report from the Bureau of Naval Armament, Naval Construction Division to the Commander in Chief, Navy concerning a new type of submarine, the "Aurol" boat:

Aim of development: fast boat with wide cruising range. An experimental boat of 80 tons with a speed submerged of 27 knots is to be ready in the spring. Considerations so far extend to the construction of a 320 ton boat with a submerged speed of 25 knots (cruising range: at 25 knots while submerged 110 miles, at 10 knots while surfaced 3,000 miles) and of a 500 ton boat. Completion of this boat will be possible by spring 1942 at the latest.

Special characteristics of the boats (320 tons):

Maximum speed while surfaced is less than maximum speed while submerged. Total range corresponds roughly to that of the present 250 ton type, crew's quarters more cramped.

No guns. Probably only 2 torpedo tubes. Difficult to steer while submerged because of high speed.

The Commanding Admiral, Submarines considers that its high speed submerged, and the possibility of using it by surprise in this war are so decisive that everything should be done to promote the construction of the boats. He suggests that three experimental boats should be built simultaneously (can be used later as replacements or reserve). The Chief, Naval Staff considers the new construction a new and most important weapon and has decided to commence work on plans for the construction of a 320 ton boat immediately.

Before the experimental boats are built, the first experiences with the V 80 boat, which will be ready in the spring, are to be awaited.

Special Reports on the Enemy:

Atlantic:

Great Britain:

The cruiser AJAX with two destroyers (HEREWARD, HUNTER) was 600 miles northwest of the Cape Verdes at noon on her voyage to Great Britain.

A convoy escorted by an auxiliary cruiser was detected southwest of the Canary Islands on northerly course.

France:

Patrol activity and air reconnaissance in the Channel area. Commanding Admiral, Atlantic Fleet at sea in the Bay of Biscay, proceeding to Brest. A heavy cruiser (COLBERT ?) and three merchant ships on northeasterly course in the western part of the Bay of Biscay. A convoy off Cape Ortegal.

Planes of the 1st Flying Squadron over the southern part of the Bay of Biscay, proabaly as protection for these convoys and to attack the German submarine reported near Cape Ortegal.

A fairly large convoy on northerly course near Cape St. Vincent (submarines U "25" and U "44" were informed).

The French Admiralty informed the patrol vessels off the coast of Spain that a German submarine probably put in to Vigo on 26 Jan. Intelligence Center, Spain reports that the BRETAGNE, DUPLEIX, TOURVILLE and the 5th Destroyer Division passed Gibraltar westwards. These forces are probably to relieve the forces stationed off the coast of West Africa.

North Sea:

According to a further agent's report from Bergen, the convoy assembling in Bergen on 26 Jan. (including neutral ships), is supposed to be waiting for an escort of a fairly large number of British warships.

The submarine ORZEL was detected 15 miles southwest of Feistine (Skudesnaes Fjord).

Reports put out on purpose are appearing in the British press concerning an alleged new and very effective type of mine, which has been laid in the British declared area along the east coast of England (?). The mines are being kept extremely secret (!).

Shipping Losses:

The Swedish steamer COTIA (1,640 tons) off the Scottish coast. The Dutch steamer OTTOLAND (2,200 tons) ran aground near Sunderland. The Swedish steamer SONJA (1,820 tons) was sunk in the Atlantic on 22 Jan. (submarine). The British steamer DIDO (3,534 tons) ran aground in the Quessant area.

Own Situation:

Atlantic: Nothing to report (see Submarine Situation).

North Sea:

The Commander, Destroyer's operation against merchant shipping between Lindesnaes and Stavanger had to be broken off because of the weather. Group West is planning a destroyer operation against trawler fleets in the Dogger Bank area for 26/27 Jan. (cover name "Wikinger").

Baltic Sea:

War Against Merchant Shipping:

The Estonian steamers KESSU and VEGA, which were intercepted by the HANSESTADT DANZIG on the basis of an intelligence report dated 25 Jan., have been taken to Pillau for examination. The cargoes consist of 160 tons of flax and 36 tons of plywood.

Baltic Sea Entrances and the Ice Situation:

The Commanding Admiral, Defenses Baltic reports that, during minesweeping operations on the west wing of minefield "Undine 2" to straighten the course of the minefield gap, in a stretch of 2 - 3 miles only 10 type EMD mines without contact setting were swept. There should have been 77 mines, half with, and half without contact setting in this wing.

Still only the south position is occupied in the Sound. The buoys indicating the gaps in the minefield have mostly been displaced by the drifting ice.

There is a solid covering of floe ice with open water in places from Holtenau to the southern entrance of the Great Belt. No shipping. A solid covering of ice in the Great Belt with narrow open channel. No shipping. A smooth, solid covering of ice from Holtenau to Fehmarn and in Fehmarn Belt, also in Luebeck Bay. Large drifting floes and small lumps of ice, here and there open water, in the Gedser Channel. East of Gedser there is a solid, smooth covering of ice, which is broken up further northward. Open water in the area 40 miles off Bornholm to 10 miles off the coast of Bornholm.

Submarine Situation:

Submarine U "44" reports that it is not possible to take on supplies near Cadiz as scheduled, since, if supplies were not handed over successfully, there might not be enough fuel for the return passage. The Commanding Admiral, Submarines has therefore assigned the execution of this task to submarine U "25". The boat can carry out the supply operation during the night of 30 Jan.; she still has five torpedoes.

No alteration in submarine dispositions.

North Sea:

In the operational area: submarines U "61", U "23", U "20".

On passage: submarine U "13".
In Heligoland: submarines U "7", U "41", U "48".
On return passage: submarine U "19", the boat reports four torpedoes, four hits.

Merchant Shipping:

Baltic route:

The Head of the Transportation Division of the Commissariat for Foreign Trade in Moscow declared that the Soviet authorities were about to recommence the routing of the greater part of their transports via Hamburg.

Dutch route:

Because of the mine situation north of Terschelling Group West has requested that the Ministry of Transportation be informed that steamers drawing over 7½ m. are not to be sent to Rotterdam, but are to be unloaded in German ports.

The Ministry of Transportation has been informed.

Foreign Shipping:

Swedish reports note with satisfaction the release of all the Swedish steamers with timber for the U.S.A., which were taken to German ports to be examined for contraband.

For a survey of the routes used by enemy and neutral shipping in the North Sea, Atlantic Ocean, Mediterranean and Indian Ocean see Report of Naval Intelligence Division No. 3 dated 25 Jan. (Foreign Merchant Shipping file.)

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afternoon:

Report by the Commander in Chief, Navy to the Fuehrer:

Points discussed:

1. Situation in the Baltic Sea - question of mining Swedish territorial waters in the Sound.

2. North East Passage: No political difficulties.

3. Situation in the North Sea: Enemy situation - operational plans.

4. War in the Atlantic: despatch of pocket battleship LUETZOW and the auxiliary cruisers.

5. Conduct of submarine warfare: question of further intensification of operations against merchant shipping - mine warfare.

6. Effect of the war against merchant shipping - necessity of air support for the Navy - concentration of warfare against Great Britain.

7. Question of concentration on land warfare. Not possible to withdraw personnel and material from the Navy for the Army.

8. Necessity for further construction on, and maintenance of battleships.

9. Deliveries requested by the Italians - proposals.

10. Political questions. The attitude of Russia, Italy, Norway, Sweden.

11. Technical innovations: submarine pens, the Aurol submarine, echo-ranging sets, anti-location gear.

The Fuehrer's decisions:

1. The Fuehrer consented to the measures the Naval Staff has planned for further intensification of operations against merchant shipping.

2. The Fuehrer emphasized the necessity of protecting the Ruhr as the most important basis for all further warfare and declared that he considered the next step should be to extend the land base for the conduct of warfare against Great Britain.

3. The Fuehrer has consented to the Italian requests, provided German requests are also fulfilled by the Italians.

(For particulars see memorandum of the Commander in Chief, Navy, War Diary, Part C, Vol. VII.)

An order has been sent to the Commanding Admiral, Submarines, Group West and Group Baltic for further intensification of operations against merchant shipping, on the basis of the Fuehrer's consent: (see 1/Skl 1 op 93/40 Gkdos. Ch. in War Diary, Part C, Vol. IV, Submarine Warfare).

This intensification includes the following measures:

1. Extension of the area off the north coast of Scotland (56°- 61°N, 0° - 4° W), in which attacks without warning are permitted on all merchant ships (except Italian, Spanish, Russian, Japanese and U.S.) as far as 2° E.

2. Extension of the area in the Bristol Channel in which such attacks are permitted as follows:

50° N, 5° W
49° N, 10°30' W
51° N, 10°30' W
51° N, 8° W
52° N, 6° W,

the Irish Sea is included to the northward with the exception of a 10 mile wide strip along the Irish coast.

3. In the following new area, with immediate effect, submarines are permitted to attack with all weapons (except against Italian, Russian, Japanese, and American ships):

Northern approaches to the English Channel:

54°10', 0°20' W
54°10', 3° E
53° N , 3°45' E
51°20'N, 2°30' E
51° N , 1° E.

4. In all these areas unarmed, illuminated passenger ships of all nations sailing alone are to be excepted.

Attacks are to be made undetected if possible in order to maintain the fiction of hits on mines.

Conference at the Foreign Office about further German measures since Sweden's refusal to carry out mining operations in the Sound.

The Naval Staff's attitude on this subject is again summarized in a letter to the Foreign Office dated 26 Jan. (1/Skl I ab 1078 Gkdos.) Group Baltic and the Commanding Admiral, Defenses Baltic have been informed.

See letter in War Diary, Part C, Vol. III.

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Items of Political Importance:

1. The Norwegian Foreign Minister has rejected British protests regarding the alleged sinking of three British steamers inside Norwegian territorial waters - (the steamers GAROUFALIA, DEPTFORD and THOMAS WALTON) in a very decided form, which is fortunate for Germany. Violation of Norwegian rights is being contested energetically. In not a single case has proof been found that the steamers were torpedoed. For the rest, Norway is well able to defend her rights as a neutral. The results of the Norwegian Government's investigations have been received by the Foreign Office. The German answer will be that in all three cases Germany was not responsible. (See Part C, VIII for further particulars.)

2. Intelligence to hand on Turkey's attitude in the future confirms more and more the view that Turkey is for the present bent on fostering peace in southeast Europe, and will definitely oppose any unprovoked attack made by the Western Powers in the Balkans. In a conversation with the Bulgarian Prime Minister the Turkish Under Secretary is said to have given the assurance that Turkey would oppose any passage of foreign troops through Bulgaria and even Greece.

3. A Japanese gunboat stopped the British steamer WINGSANG off Foochow on 24 Jan. to examine her papers. The steamer was, however, at once released. It is not clear whether this was supposed to be a reprisal for the ASAMA MARU case. According to reports the Japanese seem to have acted in any case with great caution.

4. The Uruguayan Government has issued a decree, according to which the portion of the SPEE's crew still in Montevideo - including those officers and non-commissioned officers who reported for diplomatic service with the Naval Attaché - are to be interned. The only exceptions are to be the staff doctor and the wounded unfit for further war service. The German Ambassador is lodging a protest!

Special Reports on the Enemy:

Atlantic:

Great Britain:

The ARK ROYAL, RENOWN, and four destroyers put in to Freetown on 19 Jan. Fresh confirmation has been received from Canada of regular air patrol of the North Atlantic route from both sides in connection with the protection of convoys. The type of plane used is the SUNDERLAND. The planes are based

near Plymouth.

France:

The cruiser COLBERT, coming from Gibraltar with a convoy, put into Brest. Further convoys were detected by radio monitoring.

Neutrals:

The U.S. cruiser TRENTON informed the French naval authorities that three German steamers would arrive in Vigo on 28 Jan.

The American press is busy with the activities of German ships in American ports and suspects that some of these ships are to operate in conjunction with submarines, some of which are already proceeding to the West Atlantic.

North Sea:

The netlayer GUARDIAN has been assigned to lay nets in the Scapa Flow area.

This observation shows that the Admiralty has not the slightest intention of ceasing to use the bay of Scapa Flow. Agent's reports received a short time ago about blocking the entrances by sinking numerous merchant ships point to the same conclusion.

It is said that the cruiser ARETHUSA, coming from Portsmouth, will put into a Scottish port on 28 Jan., obviously as reinforcement for the 2nd Cruiser Squadron, which is now composed of the cruisers SOUTHAMPTON, EDINBURGH, GLASGOW and ARETHUSA.

The casualty list of the destroyer EXMOUTH published by Daventry contains the names of 15 officers and 173 men.

The agent in Bergen tried from 0730 onwards to establish telephonic communication with Berlin but was prevented from doing so by the Norwegian Post Office. From this it may be concluded that the convoy which has been

reported several times is now on the move. This suspicion was confirmed by the report, received in the evening, that the convoy set sail at 0400 in the direction of Floroe.

Shipping Losses:

According to a report from Spain submarine U "44" torpedoed the following steamers out of the convoy: the French steamer TOURNY (2,769 tons) and the ALSACIEN (3,819 tons). The British trawler MERISIA (291 tons) ran aground and sank near the Isle of Man. The Dutch tanker MAMURA (8,250 tons) was damaged by an explosion in the vicinity of the Downs. The Swedish steamer SYLVIA (1,500 tons) is overdue.

Own Situation:

Atlantic:

Nothing to report.

North Sea:

No operations by naval and air forces except those of Commanding Admiral, Defenses North. Operation WIKINGER postponed because of the weather.

Baltic Sea:

Ice situation unchanged.

The battleships' gunnery exercises must unfortunately be postponed as it is not possible to use the remote control target group HESSEN and BLITZ on account of the present ice situation. The remote control target group is returning to Kiel.

Submarine Situation:

Atlantic:

Submarine U "31" reports that the Loch Ewe assignment has been carried out. The submarine is in the north part of the North Sea. No other alterations in the operational area. Submarine U "41" put out from Heligoland, making for the operational area.

North Sea:

In the operational area:	submarine U "20".
On passage:	submarines U "13", U "24", U "21", U "58".
On return passage:	submarine U "61" (after sinking a steamer),
	" U "23".

Merchant Shipping:

The shipping agent of the Ministry of Transportation in Spain wires that five ships are to sail from Vigo on 6 Feb. The Naval Staff is requested to lend assistance if possible by bringing up submarines off the port of Vigo.

Foreign Merchant Shipping:

According to a British news bulletin, Great Britain is planning to instal a new control station in St. Johns, Newfoundland, or in Canada, to examine U.S. ships on the Scandinavian run.

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Special Reports on the Enemy:

Atlantic:

Great Britain:

The aircraft carrier ARK ROYAL, the battle cruiser RENOWN and the destroyers DAINTY and DIAMOND left Freetown some days ago.

The cruiser ACHILLES was in Montevideo on 26 Jan.

According to an agent's report a convoy of 21 steamers gathered 100 miles southeast of Halifax on 28 Jan.

France:

The aviso DRAGUEUR ran aground in Dunkirk fairway. A destroyer is to go to her assistance.

Radio monitoring detected the usual patrol activity in the Channel area and on convoy route Casablanca - Gibraltar - Cape St. Vincent - Bay of Biscay. Two convoys merged west of Cape St. Vincent. The cruiser DUPLEIX and a gunboat are patrolling the Canaries area.

North Sea:

Parts of the 2nd Cruiser Squadron with the Flag Officer, and destroyers of the 3rd Destroyer Flotilla were east of the Orkneys on 27 Jan. and were still at sea on 28 Jan. Some connection may be assumed with the convoy which left Bergen via Floroe at 0400 on 27 Jan. G-class destroyers in the Harwich area, the destroyer ESCAPADE off the Firth of Forth, destroyers of the 7th and 12th Flotillas off the east coast, destroyers of the 1st Flotilla in the southern part of the North Sea (Hoofden).

Shipping Losses:

The Norwegian steamer FARO (850 tons) north part of the North Sea.

Own Situation:

Atlantic:

Nothing to report.

North Sea:

Three British mines were again cut in grid square 8317 (6 miles northwest of the western tip of Terschelling), of which one, a British submarine-laid mine, was towed as far as the lower Ems, where it was lost in the drift ice. Air reconnaissance again detected many trawlers and some small neutral cargo steamers south of the Dogger Bank.

The battleships in the Baltic Sea have still not carried out their firing exercises because of the ice situation. A most regrettable delay in the battleships' activities is therefore unavoidable.

Baltic Sea:

Western Baltic Sea:

Solid covering of ice from Holtenau to Fehmarn. Channel in Fehmarn Belt. Connecting floes from Fehmarn to Gedser. Traffic possible. Solid covering of ice in the Sound, no traffic in the Flint Channel. Ice-free channel north of Malmoe along the Swedish coast. Northern entrance to Sound - Kattegat - eastern side ice free. Narrow channel in northern part of the Great Belt, solid covering of ice in the southern from Omoe.

War Against Merchant Shipping:

The HANSESTADT DANZIG took the Finnish steamer CLIO prize off Kalmar Sound; she was sailing on her 5th voyage to Great Britain in a convoy of eight ships, with a cargo of canvas, cellulose and pasteboard. The convoy, which included another Finnish ship, the KARHULA, carrying cellulose and sawn timber to Great Britain, was conducted outside territorial waters by the Swedish coastal cruiser GUSTAV V. No incidents, the convoy is proceeding in close formation to Skagen at 8 knots, from where ships will proceed independently to Great Britain.

Submarine Situation:

Atlantic:

Submarine U "44" commenced the homeward passage after sinking another steamer (Greek) (Position 200 miles west of Oporto).

Submarine U "34" (120 miles southwest of Ireland) commenced the homeward passage after carrying out mining assignment off Falmouth and sinking a steamer. The boat also reports a three-fan miss on an auxiliary cruiser.

There remain in the operational area: submarines U "55", U "51", and U "25", which is en route for Cadiz to take over supplies.

North Sea:

Submarine U "56" put out for the operational area.

Otherwise unchanged.

For short reports from submarine U "14" and U "18", which have returned to base, see Part B, IV.

Submarine U "14" southeast coast of England, one steamer sunk, two misses, one failure.

Submarine U "18" Kinnaird Head area, one steamer sunk, two failures, one miss.

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Items of Political Importance:

Daladier's radio address contained severe and malicious attacks on Germany and German policy, and a fervent call to the French home front to adjust itself to wartime requirements in the same way as the men at the front. See Foreign Press.

The Swedish Foreign Minister has lodged a strong protest with the U.S. Ambassador, in opposition to the action of the U.S.Government in attempting to persuade U.S. nationals to leave Sweden in view of Sweden's allegedly imminent entry into the war.

1100

Conference on the Situation with the Chief, Naval Staff.

1. The Fuehrer has ordered Study "North" to be revised by the Armed Forces High Command Working Committee as "Weseruebung". Captain Krancke is to be the naval representative on the Committee.

2. Report from the Chief of Operations Division on the enemy disposition of forces, and knowledge acquired lately from the radio monitoring service; it is apparent how regrettable the present inactivity of our battleships is, considering the state of unpreparedness and the disposition of the enemy forces. Speedy, and if possible constant activity on the part of our battleships is urgently necessary. Since the gunnery exercises necessary for this operation have still not been carried out because the target ship group was held up by ice, the Naval Staff now suggests in a teletype to the Group and to the Commanding Admiral that the exercises be carried out on another target elsewhere, in order to exploit the present favorable situation in the North Sea.

3. Group West reports after a further examination that Ship "1" is not suitable for the execution of the proposed minelaying operation. In addition to constructional and mechanical deficiencies (the ship is already 44 years old), the reason given is her very low speed of 6 - 7 knots and the impossibility of camouflaging her adequately. Group requests that the vessel be put out of commission. The Naval Staff finds this information the more surprising as Ship "1" was already lying in the Jade, ready to sail, in the middle of January, and was only prevented from doing so because of damage caused by the ice.

The operation by this ship must be suspended as a result of the Group's report. The choice of this ship must be considered a complete mistake. The Naval Staff greatly regrets her elimination since it had attached great importance to a speedy execution of the assignment, making use of the present especially favorable time of year and operational situation in the North Sea, and had hoped for substantial results.

Discussions on whether to use the substitute Ship "11" or another ship are in progress.

Special Reports on the Enemy:

Atlantic:

Great Britain:

The consul at Reykjavik reports: about 9 British trawlers west of Patreksfjord with cruiser keeping guard.

The ice limit lies 40 - 60 miles west of Iceland.

(Transmitted to the ALTMARK.)

France:

Customary patrolling in the Channel. Several convoys in the Bay of Biscay, one convoy passed the entrance to Brest making seawards on 29 Jan. and has probably been taken over by the large submarine SURCOUF. (The SURCOUF was still in dock a short time ago.)

It appears from intercepted radio messages that a fairly large operation is scheduled to take place off the Spanish coast. (Probably against the German steamers which were reported ready to sail.) The forces are kept informed of the intended movements of German steamers.

The cruiser ALGERIE put in to Casablanca with four steamers; the old battleship PARIS will probably put in to Dakar on 30 Jan.

North Sea:

Nothing to report.

Shipping Losses:

The Dutch steamer NORA (300 tons) off the southeast coast, mine. The Danish steamer ENGLAND (2,750 tons); the Norwegian steamer HOSANGER (1,600 tons) (submarine); the British steamer PRAGUE (4,220 tons) ran aground west of Cherbourg.

Own Situation:

Atlantic:

Nothing to report.

North Sea:

Nothing special to report concerning surface forces.

Eighteen planes of X Air Corps (6th Squadron, 26th Bomber Wing and 2nd Squadron, 26th Bomber Wing) took off between 0800 and 0900 to carry out operations against merchant shipping along the whole east coast, and at 1000 one flight of the 30th Bomber Wing (Ju 88's) took off for armed reconnaissance over the Shetlands.

In the afternoon another plane was sent to operate against merchant shipping in the Thames Estuary. Attacks carried out against single steamers and convoys; heavy fighter and anti-aircraft defense encountered from time to time.

For details of the operation see Air Force General Staff report dated 30 Jan. (Air Situation).

Result of the Attacks:

Sunk: three merchant steamers
one lightship (East Dudgeon).

Damaged or set on fire:

three merchant steamers
one patrol vessel (lightship ?)
one fighter shot down.

No losses on our side.

After flying in above the clouds at 2,000 meters, the Ju 88's penetrated through the cloud ceiling exactly over the Shetlands and attacked an anti-aircraft cruiser in Sullom Voe Bay. Unsuccessful. Heavy anti-aircraft defense, bomb-sights iced up.

The operation of the X Air Corps, within the wider range of operations against merchant shipping, is highly gratifying. The Naval Staff expects a very strong and deterrent effect from constant ruthless attacks on traffic in the War Channel along the east coast of Great Britain, in conjunction with operations by the Navy.

With regard to the sinking of lightships the Naval Staff is of the opinion that calculated attacks on enemy lightships are at present inexpedient, since the disadvantage to the enemy from such sinking would not be as great as the disadvantage to our own naval warfare in the waters concerned, and the navigational difficulties which would arise in our own coastal areas from enemy reprisals. (The lightship which was sunk was also apparently not a red lightship, identifiable as such from a distance, but a wartime gray patrol-lightship.)

It appears from reports from various sources (submarines, Attaché, agents) that lively traffic is running through the Hoofden between ports on the southeast coast of England and the chief ports of Belgium and Holland.

Even though it generally consists of fairly small vessels, this traffic is extremely important because of its density and the possibility of strong attack by us on the stream of traffic running from north to the east coast. Since, according to other intelligence, the Nordhinder Lightship is not only the approach point and point of departure for ships making for destinations on either side, but was also named as the position of covering forces which appeared from time to time, an attack on this traffic in the area of the Nordhinder Lightship appears worthwhile.

This attack can be made in different ways e.g. by occasional destroyer or PT boat sorties at night, by the use of torpedo-carrying planes on moonlight nights, or by permanently stationing 1 or 2 small submarines in the area.

The necessity of taking action against enemy shipping in the Hoofden has been pointed out to Group West and the Commanding Admiral, Submarines. The Group is to report its plans.

(See 1/Skl I o 1062/40 Gkdos. dated 30 Jan. in War Diary, Part C, Vol. II.)

Situation in the Baltic Sea:

Nothing to report.

Ice situation substantially unchanged. Little hindrance to shipping in the Gedser Channel. Ice situation worse in the Swinemuende area.

Baltic Sea Entrances:

It is necessary to extend the Danish mined area in the Drogden Channel southwards as far as the limit of Danish territory in preparation for further German minelaying operations in the Sound. The Naval Attaché in Copenhagen has received directions on how to handle the affair during discussions with the Danish Navy. Group Baltic and Commanding Admiral, Defenses Baltic are being informed. (For directive to Attaché see War Diary, Part C, Vol. III, Letter 1/Skl I ab 1079 Gkdos.)

Submarine Situation:

Atlantic:

In the operational area: submarines U "25", U "55".

Submarine U "51" reports two steamers sunk; one bow cap cannot be closed. Boat unable to dive to more than 50 meters, is commencing return passage.

Also on return passage: submarines U "31", U "34", U "44".

North Sea:

The Commanding Admiral, Submarines has fixed the following operational areas for submarines in the North Sea:

Operational area "Alpha": west of a line between grid squares 1856 and 4145, south of 58° 36' N.

Operational area "Beta": east of a line between grid squares 1856 and 4145, south of 58° 36' N west of 0° 20' W.

Operational area "Gamma": west of 0° 20' W, north of 58° 36' N.

Operational area "Delta": east of 0° 20' W.

Operational area "Groenland": north of 60° 30' N, west of 0° 50' W (northwest of the Shetlands).

Operational area "Siberien": north of 60° 30' N,
east of 0° 50' W (northeast of the Shetlands).

Operational area "Kanada": south of 60° 30' N,
west of 2° W.

The following are at present in the operational area or on passage, in accordance with this order:

U "13": Beta
U "21": Delta
U "24": Gamma
U "58": Alpha
U "56": Groenland
U "10": Siberien.

U "15" has also put out for the Hoofden.

Submarines U "23" and U "61" have returned from operations. Submarine U "23" investigated the bays in the Shetlands, as far as it was possible to penetrate them on the bright full moon nights. Net barrages and heavy patrolling were detected. One steamer sunk. Otherwise torpedo failures.

Submarine U "61" detected traffic in the operational area east of the Pentland Firth, north of the entrance to the British War Channel at night only. One steamer was sunk, otherwise misses or failures. (See short report Part B, IV.)

Merchant Shipping:

The steamer WINDHUK (16,662 BRT) will remain in Brazil for the present, since the foreign exchange situation permits her maintenance there. The WINDHUK is to be used as a "decoy" to help ships returning home, by putting out at the same time as the others with the object of deceiving the patrol forces.

The following information was broadcast, enciphered according to code "H" for the maritime area North Atlantic Ocean: "Ice limit lies 40 to 60 miles west of Iceland. Naval Control."

The capture of the steamer PHAEDRA has given us occasion to point out to the Ministry of Transportation that the captains of small ships, which are not

furnished with special instructions, should also be instructed regarding their obligation to scuttle their ships rather than permit them to fall into enemy hands.

Neutral Shipping:

A German captain reports from Veije (Denmark) that the crews of three Danish ships there refused to embark for the voyage to Great Britain.

Items of interest in the economic war:

Reliable intelligence reports from Norway state that Great Britain is about to terminate the Anglo-Danish trade agreement (food and cattle fodder), since the British supply of fats is now assured to such an extent that she is no longer dependent on Denmark. Great Britain will then no longer permit the conveyance of further fodder and soya beans to Denmark, so that very soon Denmark will no longer be in a position to furnish Germany with regular supplies, because of the resultant substantially smaller production of fats.

This matter requires constant examination and observation and will be conducted by the Special Staff for Mercantile and Economic Warfare of Armed Forces High Command. As soon as Great Britain discontinues her present deliveries of fodder to Denmark, the German-Danish Food Agreement (Malta Treaty) will have to be canceled at once.

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Items of Political Importance.

The Fuehrer made a great speech in the Sportpalast to commemorate the 30 Jan.

Reports have been received from Great Britain concerning the possibility of a change in the Cabinet. There has been violent controversy lately on the subject of Chamberlain as Prime Minister.

For information on the Russo-Finnish conflict see Foreign Press. News arriving from Finland confirms reports of fresh Russian repulses, but makes it obvious that Finland cannot keep up her present tenacious resistance for very much longer. Apart from this, the considerable Russian deficiency in materiel, in the Army and especially in leadership are emphasized.

For the situation in the Balkans see Political Review.

Conference on the Situation with the Chief, Naval Staff:

Special Items:

1. Report from the Chief of Operations Division, Naval Staff on Commanding Admiral, Naval Forces, Wests' operational order for sortie to be carried out by the battleships (see operational order).

The Chief, Naval Staff points out again that operations against merchant shipping according to Prize Regulations (stopping and lowering of boats !) is quite out of the question for the battleships in such a type of operation.

2. The supply ship ALTMARK has not reported to date. There are absolutely no indications that the ship has fallen into enemy hands by capture or because the prisoners mutinied. There is therefore no cause for anxiety, especially as it can be assumed, according to the original plan, that the ship made use of the January new moon period to break through the Freetown - Bahia gap and will break through the Iceland passage and the Shetlands - Norway narrows during the coming new moon period in February.

3. On 29 Jan. Group West requested permission for naval air forces to attack merchant vessels sailing alone and definitely identified as enemy (corresponding to permission already obtained for X Air Corps).

The Naval Staff will permit attacks as requested within the range of the Naval Air Forces' reconnaissance assignments. Regulations fixing the limits of reconnaissance areas between the Commander in Chief, Air Force and the Commander in Chief, Navy remain in force. Orders issued regarding the use of torpedoes at night are not affected by this.

Special Reports on the Enemy:

Atlantic:

Great Britain:

The AJAX intends to put in to a Channel port on 31 Jan. The REVENGE, which was in dock for an overhaul, was again on the North Atlantic route or in the Bermuda area on 30 Jan. Submarine U "34", homeward bound, encountered two battleships and one light cruiser 160 miles off the North Channel in the afternoon (moderate speed, course 110°). The boat's report confirms the assumption that heavy forces of the Home Fleet are constantly at sea northwest of the Hebrides - west of Scotland.

According to a communication via the Foreign Office, two convoys a week sail from Gibraltar on Sunday and Thursday and Tuesday and Friday alternately. Average strength 30 - 35 ships, usually escorted by five destroyers.

France:

The old battleship PARIS and the destroyers TERRIBLE and LEOPARD are at sea west of Portugal; one French patrol vessel is off Cadiz.

North Sea:

According to a report from Haugesund a convoy of about 30 neutral ships was north of Bergen on 29 Jan. on northerly course (collective voyage ?).

A convoy escorted by the gunboat FLEETWOOD was off Smith's Knoll on the evening of 30 Jan.

Shipping Losses:

An unidentified steamer sank off the Moray Firth, the Danish steamer FREDENSBURG (2,100 tons) off the Scottish coast.

The British steamer STANBURN (2,900 tons) and the ESTON (1,500 tons), also the East Dudgeon lightship, were sunk by air attack on 29 Jan. (south of Outer Dowsing).

The British tanker VACLITE (5,026 tons) sunk in the western approaches to the Channel (submarine U "55" ?), the British steamer VREGON (6,008 tons) was sunk by a submarine (U "44") about 200 miles northwest of Cape Ortegal.

Own Situation:

Atlantic:

Nothing to report.

The following message was sent to the ALTMARK:

"Successful German air attacks on armed British steamers and patrol vessels in the North Sea on 29 and 30 Jan. Several ships sunk and damaged."

North Sea:

The 6th Torpedo Boat Flotilla returned from an exploratory sweep in the declared area. On the night of 29 Jan. in grid square 6838 the submarine U "15" (Lieut. Frahm) which was putting to sea, encountered the 6th Torpedo Boat Flotilla on its return from the declared area, and in spite of the exchange of recognition signals was rammed by the torpedo boat ILTIS as the result of a series of unfortunate circumstances. The boat sank immediately and was lost with all hands. (See short report in War Diary, Part B, Vol. IV).

A surfaced submarine was sighted proceeding along the coast west of Lister within territorial waters.

The planes which took off for an anti-submarine hunt sighted a number of Danish and Dutch fishing smacks, also unidentified drifters, south-southwest of the declared area.

28 He 111's of the X Air Corps carried out a comprehensive attack on merchant shipping off the east coast of Britain, from the Thames Estuary to the Orkneys, followed by another by 7 He 111's. All the planes save one returned.

Two of the steamers attacked were definitely sunk (the steamers GIRALDA, 2,200 tons, and BANCREST, 4,500 tons). Six more and two patrol boats were hit by high explosive bombs and incendiaries; some were severely damaged (see also Air Situation 31 Jan.).

The Naval Staff attaches great significance to these most gratifying successes on the part of the Air Force and considers operations by X Air Corps in support of naval warfare as often as possible of great importance. Since the Air Force itself seems to attach little value to the results obtained, the Air Force General Staff is being informed of the Naval Staff's opinion.
According to later information from the Air Force, 5 merchant steamers and 2 patrol boats were actually sunk on 30 Jan.

(See also summary of the result of X Air Corps' operation on 29 and 30 Jan. in War Diary, Part B, Vol. V.)

Baltic Sea:

The ice situation has again worsened. Solid ice in Kiel, Luebeck and Swinemuende Bays; the Fehmarn Belt and Arcona area ice free except for a firm strip of ice offshore.

Large steamers can now only pass through the Flint Channel with great difficulty.

In the Sound very little traffic and several ships fast in the ice. The barrage patrol near Gedser had to be abandoned because of the ice situation. So far attempts to break through the ice barrier off Swinemuende harbor have not met with success, so that it was not possible for the minelayer PRUESSEN to sail as planned.

Operations against merchant shipping are being continued by the KOENIGIN LUISE in the Gotland - Landsort area.

Submarine Situation:

Atlantic:

In the operational area: submarines U "44", U "55", U "25".
On return passage: submarines U "34", U "31", U "51".
On passage: submarines U "41", U "48".

Assignment for submarine U "48": minelaying operation off Weymouth (Portland).

North Sea:

In the operational area: submarines U "13", U "21", U "24", U "56", U "58".
On passage: submarines U "59", U "10", U "17".
On return passage: submarine U "20".

Merchant Shipping:

Own Shipping:

No shipping in the western Baltic Sea as far as Arcona because of the ice. According to a statement from the Dutch pilot of the steamer PHAEDRA, she was captured by a British destroyer and one patrol boat just off the Hook of Holland within the Dutch three-mile zone during the night of 14 Jan., and was taken to London.

Foreign Shipping:

According to a communication from the Naval Attaché at Oslo the following quantities of ore were shipped via Narvik in the period 1 - 31 Dec.:

to Germany	118,879.7 tons
to Great Britain	119,442.8 tons
to Belgium	33,371.8 tons
to the U.S.A.	22,243.4 tons
total	293,937.7 tons

Cases are reported from Sweden and Latvia of ships having to cancel voyages to Great Britain because they could not get crews to sign on for this voyage.

After considering how to cause further damage, disruption and disquiet to enemy shipping on the west coast by means of minelaying, a letter was sent to the Commanding Admiral, Submarines, in which the necessity of splitting up enemy defenses by laying mines off less important ports was pointed out, since the strained state of British shipping as a whole will definitely force traffic to use the smaller ports more. The more ports which suffer shipping losses, the greater will be the effect on morale and the alarm caused among shipping. Since the channels are often narrow, the desired success can often be attained, circumstances permitting, with a small number of mines.

The Naval Staff suggests mining the following ports:

Belfast yearly turnround	3,600,000 tons	(grain, fodder)
Barrow " "	600,000 tons	(naval construction)
Preston " "	900,000 tons	(Lancashire, industrial area)
Workington "	750,000 tons	(ore, wood, coal)

Holyhead-ferry, Stranraer-ferry, Larne-ferry.

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Items of Political and Economic Importance.

For reaction to the Fuehrer's speech see Foreign Press.

The South African Parliament rejected General Hertzog's motion to end the war with Germany by 81 votes to 59.

The Japanese Government is said to have instructed its shipping companies to convey only Germans not yet of military age on board their ships.

Increasing shortage of coal is reported from Norway and Denmark, since many ship-owners have withdrawn their ships from the traffic or can no longer get crews for the voyage to England. Norway is now endeavoring to arrange for coal to be transported from the west coast of Great Britain.

For Chamberlain's speech before the National Committee for Defense see Foreign Press. Among other things the speech, partly playing down Churchill's speech, was addressed to the neutrals, who "of course" are free to choose whether they wish to enter the conflict or not. Skilfully utilizing the fact that to date Great Britain has not sunk any neutral ships or caused the loss of neutral lives, the British Prime Minister tried to put the sole balme on Germany for all the unpleasantness, disruption of trade and economic difficulties experienced by the neutrals as the result of her inhuman war against merchant shipping.

Special Report on the Enemy:

Atlantic:

Great Britain:

The AJAX put in to Plymouth according to plan. The AURORA is at sea with the Northern Patrol. The DELHI, which was also there to date, appeared near Quessant on a southwesterly course early on 1 Feb.

Radio monitoring intercepted various convoy movements. A convoy of about 9 steamers which assembled near Halifax on 23 Jan. was roughly south of Ireland on 1 Feb.

The successful crossing made by three German merchant ships from Huelva to Seville on 28 Jan. has caused the line Cabo Roche and Ayamonte to be patrolled by two British destroyers (probably the DEFENDER and DECOY) and two armed French trawlers. Also air reconnaissance by day.

France:

The DUNKERQUE intends to put in to Brest in the evening.

In addition to patrol vessels the destroyers TERRIBLE and LEOPARD have been detected off the north and west coasts of Spain.

The German steamers KLIO, MELILLA and EULER, which left Bilbao on 31 Jan. making westwards, were reported by a French patrol vessel in the evening to be in Santander roads with the Spanish gunboat CANALEJAS.

North Sea:

A permanent enemy submarine position (57° N, 07° E) was discovered about 40 miles west of Hanstholm.

The submarines SNAPPER and SHARK were at sea in the Nore area.

According to reports from Bergen it is definitely established that the convoy, which sailed from Bergen at 0400 on 27 Jan, left the Norwegian coast at Bulandet on 28 Jan., and that the neutral ships were taken under escort by enemy warships. It can be concluded from the times given that a considerable period was needed to assemble and arrange the convoy.

Participation of neutral ships in British convoys, and the propaganda spread by the enemy in Scandinavian countries against the sinking of neutral ships sailing alone in the North Sea without warning, indicate that the enemy is staking everything to maintain the greatly endangered imports from Scandinavia by endeavoring to offer security to the Scandinavian shipowners, and by inciting propaganda and resistance to our war strategy.

No decisive transfer of Scandinavian exports to other countries or sea routes, nor indeed any cessation of this traffic has been detected.

Operations against the traffic to Great Britain must therefore continue to be a primary task in our offensive strategy in the North Sea.

Shipping Losses:

The Greek steamer ARORA (4,652 tons) ran aground in an unidentified position (apparently re-floated again later).

The steamers GIRALDA (2,200 tons) and BANCREST (4,500 tons) were sunk during the air attacks on 30 Jan.

The Danish steamer VIDA (1,400 tons) sank 120 miles east of the Pentland Firth. The British steamer ROYAL CROWN (4,400 tons) drifted ashore after her engine room had been destroyed in air attacks.

Own Situation:

Atlantic: Nothing to report.

North Sea:

Surface forces: Nothing to report.

X Air Corps carried out armed reconnaissance off the east coast of Britain. Nothing special to report.

Baltic Sea:

The KOENIGIN LUISE reports that there is no shipping from the Aaland area as far as Landsort.

The PREUSSEN, HANSESTADT DANZIG, and three boats of the 13th Patrol Flotilla scheduled for operations against merchant shipping are being transferred to Pillau for further operations because of the ice situation in Swinemuende Bay.

Ice Situation: slight improvement.

Covering of ice in the Great Belt with open places in the channel. Sound: main channel and Flint Channel free of ice:

Somewhat heavier shipping traffic in the Sound; ferry traffic in the Gedser Channel. Two icebreakers have broken an easily navigable channel in Swinemuende Bay.

Submarine Situation:

Atlantic:

Submarine U "25" carried out operation "Moro" undetected and according to plan. The boat has been informed of French reconnaissance off Cape St.Vincent and of the intended movements of German steamers lying in Vigo, and was ordered to operate outside a radius of 50 miles from Vigo until 5 Feb., and after 6 Feb. against the patrol vessels there, in order to assist the sailing of the German steamers from Vigo.

Submarine U "25" off the west coast of Spain.
Submarine U "55" western approaches to the Channel.

On passage:

Submarine U "48" Route Two.
Submarine U "41" west of the Hebrides.

On return passage:

Submarine U "31" Route "Blau".
Submarine U "34" west of the Orkneys.
Submarine U "51" west of Ireland.
Submarine U "44" southwest of Ireland.

Loss of a submarine in the Atlantic:

Referring to the destruction of a German submarine announced by Chamberlain in a speech on 31 Jan., the Air Ministry says that the submarine was chased and depth charged by escort vessels after sinking the British steamer VACLITE (5,026 tons). A flying boat later sighted the submarine proceeding surfaced and attacked with bombs, one of which exploded on the starboard side. The submarine, which returned the fire, was obviously unable to submerge, as the result of damage suffered previously. When the surface forces summoned by the flying boat arrived, the submarine had already sunk. Some of the crew were picked up out of the water and from a rubber dinghy.

After this very exact and detailed announcement, one boat must definitely be counted as lost. This can only be submarine U "55" (Lieut. (s.g.) Heydel).

North Sea:

In the operational area: submarines U "13", U "21", U "24", U "56", U "58".
On passage: submarine U "59" southern North Sea (making for the operational area in the Hoofden).
Submarine U "17" central North Sea.

On return passage: submarines U "10", and "20".

Merchant Shipping:

Own Shipping: Nothing to report.

Foreign Shipping:

Traffic proceeding through the Flint Channel experienced a record increase during 1939. In 1939 no less than 11,597 vessels passed the lightship lying in the southern entrance to the Flint Channel, while the figures for the preceding years were:

1934: 7,755; 1935: 8,703; 1936: 7,668; 1937: 7,900; 1938: 7,513.

Heavy increases in prices are reported from British shipping markets, which suggest that freight capacity is becoming scarcer. The Norwegian tanker CREDO of 7,210 tons, built in 1915, for which £ 38,250 was paid in December 1936, was sold a short time ago for approximately £ 72,000.

The "Telegraph" reports that British and French shipping companies have chartered 50 ships from Norwegian shipowners. These ships, which are mostly small, are to be used primarily to transport coal from Great Britain to France.

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